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Fourth estate falls foul of U.S. courts, Page 4

World news | Business summary

Thatcher and Kohl to discuss VE-Day

Mrs Margaret Thatcher, the UK Prime Minister, and West German Chancellor Helmut Kohl meet today to discuss a broad range of East-West and European issues, including the delicate question of the final form of official commemorations to mark the 40th anniversary of the surrender of Nazi Germany.

The summit comes several days after the British Government reversed its earlier intentions and decided after all to hold national celebrations of its own.

Mrs Thatcher will emphasise to Herr Kohl that the anniversary will be remembered not in an anti-German spirit, but as the event which overthrew tyranny and ushered in 40 years of peace and prosperity in Western Europe. Page 2

Parliament stopped

British Labour Party leader Neil Kinnock reprimanded left-wing MPs for their demonstration in the House of Commons which led to the suspension of the sitting for 20 minutes. Some 20 left-wingers were pressing for a debate on the coal dispute. Page 7

Israel pulls back

Israel began its unilateral withdrawal from Lebanon by starting to haul heavy equipment south. Page 3

Middle East talks

The U.S. and the Soviet Union to hold regular talks on the Middle East crisis. Page 4

MX missile hint

Les Aspin, newly elected chairman of the U.S. House of Representatives' Armed Services Committee, hinted that he might abandon his support for the MX missile, which President Reagan and Defence Secretary Caspar Weinberger say is vital for the modernisation of nuclear forces. Page 4

Sudan hanging

Mahmoud Taha, the leader of Sudan's banned Republican Brothers Party, and four of his followers are due to be hanged today in Khartoum for opposing Islamic law.

Punjab alert

Security forces in India's northern states of Punjab and Haryana went on alert after three youths shot and wounded a Sikh high priest.

Exile to return

The Philippine Government ordered the dismissal of subversion charges against opposition leader Jovito Salonga, who is returning home from four years of voluntary exile in the U.S., and is regarded as a likely candidate for the presidency.

Belgian cruise talks

The Belgian Government is to start talks with other Nato powers about the timetable for its deployment of cruise missiles. The aim is to reach a decision by the end of March. Page 2

Aid to Mozambique

U.S. officials said they were developing a limited military assistance programme for Mozambique to encourage its Marxist Government to have better relations with the West.

Poison gang strikes

Japan's poison candy gang has struck again, leaving lethal doses of sodium cyanide in two packets of sweets outside the Osaka headquarters of the Yomiuri Shimbum newspaper.

Jamaica protest

Jamaican Prime Minister Edward Seaga ordered security forces to put an end to two pays of protests against higher fuel prices and said the increases would remain in force.

ICL cuts 950 jobs in Britain and U.S.

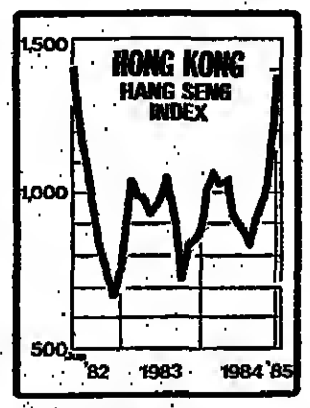
ICL, the British computer maker taken over by Standard Telephones and Cables last year, plans to shed 950 jobs in a streamlining of its manufacturing operations in Britain and the U.S. Page 7

WALL STREET: The Dow Jones industrial average closed down 1.99 at 1228.69. Section III

DOLLAR was weaker in London, falling to DM 3.181 (DM 3.189), SwFr 2.6785 (SwFr 2.675), FFr 9.75 (FFr 9.7825) and Y254.55 (Y254.9). On Bank of England figures, the dollar's trade weighted index was unchanged at 146.5. Page 37

STERLING showed a five-point gain against the dollar in London, closing at $1.119. It was weaker, however, at DM 3.5575 (DM 3.5675), SwFr 2.9925 (SwFr 2.995), FFr 10.9 (FFr 10.92) and Y284.75 (Y285.0). The pound's exchanga index fell to 71.2 from 71.3. Page 37

GOLD gained $2.25 on the London bullion market to $305.00. It also improved in Zurich to $305.75. Page 36



HONG KONG stocks saw further local and international buying support. The Hang Seng index rose 29.61 to 1388.42. Section III

LONDON equities again advanced strongly. The FT Ordinary share index reached a record with a 5.9 increase to 987.2. Gilts encountered selling. Section III

TOKYO shares lost ground following tighter controls on margin trading. The Nikkei-Dow Jones market average slipped 45.83 to 11,887.19. Section III

IBM reported a 16.6 per cent increase in fourth-quarter net earnings to $2.172bn, or $3.55 a share, and a 20 per cent gain in the full year to $6.582bn, or $10.77 a share, despite the "severe impact" Page 19

AIR FRANCE reported unexpectedly high net earnings of FFr 530m ($54.3m) for 1984, compared with FFr 87.2m the previous year and a FFr 792m loss in 1982. Page 20

EUROPROGRAMME Unit Trust property fund manager Sig Orazio Bagnasco is resigning from the Italian fund with his board of directors in the face of a liquidity crisis and criminal investigations. Page 20

HOOKER CORPORATION, Australia's leading property group, issued bullish profit forecasts as its share price returned above A$2 ($1.64) in anticipation of renewed bid activity. Page 22

SAAN, South African Associated Newspapers, has raised almost R5m ($2.18m) to fund its circulation battle with the Argus group, by selling its 99,000 shareholding in Argus. Page 22

ERICSSON, the Swedish telecommunications and electronics group, has won an order worth $195m to supply telephone equipment to Telmex, the Mexican state telephone company. Page 4

GRUNDIG, the West German electronics concern, may shed up to 5,000 jobs this year as it attempts to return to profit. Page 20

We apologise for any typographical errors in today's edition arising from industrial action by members of the National Graphical Association in the proofreading room in London.

Mitterrand takes political risk with visit to New Caledonia

BY DAVID HOUSEGO IN PARIS

PRESIDENT François Mitterrand left Paris for New Caledonia last night for what is seen in political terms as one of the riskier journeys of his presidency.

He has set himself the almost impossible task in the 24 hours that he will be in the territory of providing reassurance to both the Melanesian separatist movement and to the French settlers, and of reconciling the opposing sides to the Government's goal of independence within the framework of a treaty of association with France.

The Melanesians are bitter at the killing last weekend of an independence leader, M Eloi Machore. They believe that it was carried out in complicity with the French authorities on the islands. They have since rejected the Government's proposals to which they had earlier given a favourable reception.

The French settlers, who represent 41 per cent of tha 145,000 population, fear that they are being abandoned by the Socialist Government and are being encouraged to dig in their heels by the opposition in France against any change in their status.

The danger is, as an editorial in Liberation pointed out yesterday, that M Mitterrand could be greeted by the French settlers as M Guy Mollet, the former Socialist Prime Minister, was greeted in Algiers in 1956 by the angry French settlers there – with a hail of tomatoes.

The skill, however, with which M Mitterrand sprang the surprise of the visit during his television broadcast on Wednesday has worked to his advantage.

It has been officially welcomed by the RPCR party which has a majority among the settlers. M Dick Ukeiwi, head of the local government, said it would enable M Mitterrand to understand the majority of New Caledonians, "their aspirations, their determination to remain French." The loyalists' hope is that the President's visit will provide an implicit endorsement of the existing institutions in which they have the upper band.

With the proposals by M Edgard Pisani, the French special envoy, deadlocked by the hostility between the two communibes, M Mitterrand's judgment is that the President alone can nudge them forward by assuring both sides that their interests will be safeguarded. M Mitterrand is expected to make much of the formula "independence in association with France." But the chances of his succeeding remain slim.

The dangers of inaction from M Mitterrand's point of view are that New Caledonia will continue to baunt the Socialists over the 15 months to the legislative elecbons in March next year. M Mitterrand has been trying to remove potential bones of contention – the Catholic school issue, economic policy, the freeing of state control over broadcasting – from the electoral arena. He has no wish to be bammered by the opposition over the ill-management of a tiny territory on the other side of the world.

At the same time his standing in the opinion polls remains so low that failure could hardly make it lower.

M Mitterrand came under public attack at the end of last year for travelling too much – in particular, his fruitless visits to Crete to see Colonel Muammer Gaddafi and to Damascus to see President Hafez Assad of Syria were judged as demeaning for a French President.

The New Caledonia visit cannot be put so easily into this category. It is part of the President's new stance of actively defending his domestic policies in the hope of reversing the trend in the opinion polls – of which the TV broadcast was also an element.

It is also part of his political instinct as President to put his head where danger lies – visiting Beirut, for instance, after French soldiers

Continued on Page 18

Editorial comment, Page 16

DOLLAR'S RISE SLOWS DOWN U.S. ECONOMIC GROWTH

European ministers fear strong $ will lead to trade curbs

BY STEWART FLEMING IN WASHINGTON

EUROPEAN CONCERNS about the threat of mounting protectionist pressures in the U.S. as a result of the strong dollar and the widening U.S. trade deficit were expressed in Washington yesterday during a meeting of finance ministers and central bankers representing the world's five largest industrial economies.

The discussions are part of a series of regular meetings of the so-called "Group of Five", but they have been given a sharp edge by the recent renewed surge of the dollar, which has helped to send the pound sterling and the French franc to new lows against the U.S. currency.

The dollar's strength has contributed to the slowdown in the growth of the U.S. economy as a rising tide of imported goods has swept into the country. It is hitting a widening number of manufacturing companies who are labouring under the pressure of foreign competition.

Although the Reagan Administration remains firmly committed to a free-trade philosophy, there are increasing fears, revealed in advance of the discussions by officials attending the finance ministers' meeting, that the U.S. will resort to increased protectionism in response to this competitive threat.

There have already been signs of a tougher stance by the Reagan Administration on trade issues such as steel imports, and on trade relations with Japan. Fears are being expressed that Congress could turn to consideration of a general import tariff or surcharge as a way of trying to curb the inflow of goods from abroad.

The Bundesbank decided not to raise its key interest rates, despite the relative weakness of the D-Mark against the dollar and the danger that poses of importing inflation into West Germany. Page 18

The continued strength of the dollar in recent weeks has coincided with sharp declines in U.S. interest rates. Many Governments and bankers had hoped that such interest rate falls would rather be accompanied by an easing in the value of the U.S. currency. The dollar's continued strength against this background has baffled both government and private economists worldwide and focused attention on the potential implications for the current pattern of exchange rates if it were to continue.

So far, the weakness of European currencies has not resulted in a significant increase in inflationary pressures. There are worries on this score, bowever, particularly in the UK. But it is apparent that the strength of the dollar is having a damaging impact on the U.S. economy and European officials said yesterday that they were worried about what the U.S. reaction to this would be.

While the financial markets are nervously watching the ministerial discussions for signs of any move towards concerted intervention by governments in the foreign exchanges, officials in Washington fail to detect any signs of a shift in the U.S. position. That remains fiercely opposed to intervention except to counter disorderly market conditions.

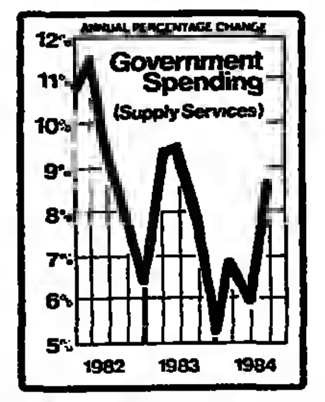
One senior European official commented yesterday that there had never been a better tie than the present to make a case for co-ordinated official intervention by the leading central banks because of the nervousness of the foreign exchanges.

Although the implications of the current pattern of exchange rates were expected to be a central topic of discussion yesterday, the agenda also included a discussion of international debt issues before the meeting planned for April of the interim and development committees of the World Bank and the International Monetary Fund (IMF).

At the annual meeting of the IMF and World Bank last September, it was agreed that the April session would take a broader and longer-term look at the international debt issue.

Murmurings of President Delors, Page 17; Bundesbank holds rates, Page 18

UK borrowing £3bn ahead of full-year target



BY MAX WILKINSON IN LONDON

BRITAIN's public sector borrowing rose to a total of £10bn ($12bn) in the first nine months of the 1984-85 financial year, almost £3bn more than the Conservative Government's target for the full financial year, according to official figures published yesterday.

Separate figures from the Bank of England yesterday showed that the UK money supply has also been growing at an uncomfortably fast rate.

Public sector borrowing rose by £500m in December. Spending by government departments was increasing mucb faster in the final quarter of 1984 than the budget projection for the financial year as a whole.

The figures underlined anxieties in London financial markets that UK public sector borrowing could overshoot its £7¼bn target for this year by a substantial margin. Internal Treasury estimates also suggest that borrowing for the full year will be more than £9bn.

Part of tha overshoot is the effect of the 10-month-old miners' strike, but ministers are also worried about the pace of spending on programmes, which has swallowed up all of the £2¾bn reserve for special contingencies, leaving nothing in the kitty for the cost of the strike.

In the last two months of 1984 the public sector borrowing requirement (PSBR) rose by more than £2bn in spite of the £1.35bn boost to public sector finances from the sale of British Telecom, and the accelerated payment of value-added tax in imports, which started in November.

In the first three months of 1985 large payments of corporation tax, reflecting increased company profits, will belp to reduce the PSBR, but it is not expected that this will be enough to bring it back on to target for the April 1984-March 1985 financial year as a whole.

Yesterday's figures show that in the last three months of 1984 spending on "supply services", the best indication of departments' outgoings, rose by 8.6 per ceot. That compared with a planned rise of central government spending of 5.6 per cent for the financial year as a whole. In the first nine months of the financial year, supply spending was up by 7 per cent compared with the same period 12 months earlier.

Britain's manufacturing output bounced back towards the end of 1984 as retail sales fuelled a significant rise in consumer spending. Official figures released yesterday also showed new productivity gains in manufacturing. Page 18

The money supply figures published yesterday showed that sterling M3, the broad measure of money, which includes bank deposits as well as notes and coins, has risen by 10 per cent (at an annualised rate) since the beginning of the current target period in February.

It is now rigbt at the top of its target range of 6 to 10 per cent growth. MO, which mainly measures notes and coins in circulation, is also near the top of its target range of 4 to 6 per cent growth. It has risen by an annualised 7½ per cent since February.

This double anxiety about the growth of the money supply and public borrowing underlay the hint given by Mr Nigel Lawson, Chancellor of the exchequer, in the House of Commons this week that the scope for tax cuts in his March 19 budget may be coming under pressure.

Excessive public spending in the current financial year will inevitably carry througb into 1985–86, as will the continuing costs of the miners' strike.

Moreover, the Treasury is now trying to shift spending from the current financial year into the next. The moratorium on regional aid grants announced by Mr Norman Tebbit, the Industry Secretary, will have this effect.

Mr Lawson expects to bave some room for manoeuvre in his budget arithmetic to absorb some excess spending, but his scope for tax cuts would then be correspondingly reduced.

In his autumn economic statement in November, Mr Lawson said he expected to have £1.5bn "fiscal adjustment" available for tax cuts or increased spending. By December, several senior ministers were confident that rising oil revenues and some other favourable factors could increase this probably to as much as £3bn.

In his Commons statement, however, Mr Lawson was at pains to damp down expectations about the extent of his "give-away."

This was partly because of the spending pressure now becoming evident, but also because of the crisis in confidence in sterling which forced him to raise interest rates by 1½ points to 12 per cent on Monday.

Mr Lawson gets away with it, Page 17; Outpnt bounces back, Page 18; shares hit all-time high, Section III

Rockwell's $1.65bn cash bid wins battle for Allen-Bradley

BY ANDREW BAXTER IN NEW YORK

ROCKWELL INTERNATIONAL, the U.S. aerospace and engineering group, is to pay $1.65bn in cash for Allen-Bradley, the Milwaukee-based factory automation company which was put up for sale in October.

The agreed deal marks the end of a brief but competitive battle for Allen-Bradley, which is a leading force in industrial control equipment. On Monday, Siemens, West Germany's largest electronics group, said it planned a bid, while Allen-Bradley's managers, led by Mr Claude Whitney, chairman and chief executive, were proposing an employee buyout.

However, it is believed that Rockwell, which bad $1.2bn in cash and $1.5bn in credit lines at September 30, the end of its last fiscal year, made the best offer. Siemens was offering around $1.5bn, and yesterday expressed disappointment at losing the contest.

The agreement has been approved by Rockwell's directors and Allen-Bradley's shareholders, who consist of trusts set up by one of the founders in 1945. Rockwell expects the deal to be completed by the end of next month.

For Rockwell, which reported net profits of $496.5m and revenues of $9.32bn in its last fiscal year, the acquisition represents a rare opportunity to enter a fast-growing new market and become a major force at a stroke.

Allen-Bradley, which has a workforce of 15,000, bas a 40 per cent share of the $650m U.S. market for programmable logic controls, which have replaced relays and other control devices in the motor industry and are also being used to belp automate other engineering production industries.

Mr Robert Anderson, Rockwell's chairman, said the company's studies showed that "demand for highly automated factories of the future is accelerating. As this nation moves forward to improve its industrial competitiveness, Allen-Bradley will be at the leading edge."

Allen-Bradley had record sales and net income of $942m and $90m, respectively, in the year ended November 30, and intends to double sales and income over the next five years. Mr Whitney said that while be had hoped that the buyout would succeed, he believed the association with Rockwell would support and finance Allen-Bradley's continued success.

The decision by Allen-Bradley's shareholders to sell the company was partly motivated by anxiety that IBM, the world largest computer manufacturer, would make a big push into the factory automation business. IBM is believed to bave been interested in Allen-Bradley, but may have been put off bidding by anti-trust considerations.

Siemens, which places great importance on expanding in factory automation, put a brave face on the disappointment last night. Herr Karl Heinz Raske, chief executive, said: "We did not manage it this time but we bope to do better in time." The West German company felt it bad gone to the upper limit of Allen-Bradley's worth. Rockwell's shares closed $1⅛ down yester at $30⅞, falling market.

Other U.S. corporate results, Page 19

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Mr Wilfried Martens: buying time

Belgian aim is cruise timetable by April

By Paul Cheeseright in Brussels

THE BELGIAN Government is to start talks with other Nato powers about the timetable for the deployment of cruise missiles with the aim of reaching a decision by the end of March.

Mr Wilfried Martens, the Prime Minister, said yesterday on his return to Brussels after talks in Washington with President Ronald Reagan, that the decision would be submitted to Parliament. Rejection by Parliament, a possibility given current pojlitical faver in Belgium, would mean the fall of the Government.

Belgium would stick by its decision to deploy 48 cruise missiles by the end of 1987 in the event of failnre in superpower disarmament negotiations, Mr Martens said he told the President.

Technical work on the cruise base at Florennes, to the south of Brussels, will be advanced enough by the end of March to permit the deployment of the first missiles, but this cannot take place without a definite decision by the Belgian Government.

Mr Martens evidently came under pressure in Washington to agrec to a rapid deployment of cruise, in line with the military timetable. His statement yesterday suggests he has bought 10 weeks to time to reconcile these demands with restiveness in his own party about early deployment.

Polish priest's friend tells of kidnapping

By Christopher Bobinski in Torun

MR WALDEMAR Chrostowski, who last October dramaticaly escaped from the kidnappers of Father Jerzy Popieluszko, the murdered pro-Solidarity priest yesterday recreated the event at the court trying four Polisb security men.

Speaking in a calm strong voice, the 42-year-old fireman whom the priest had befriended and who acted as his informal bodyguard, explained how be realised that it was likely that they would both be killed by the kidnappers.

"When I heard one of them say to the driver of the kidnap car 'turn into the first side road,' I was certain that both the priest's and my life was at stake," he said.

"It was theo I decided that I must jump from the car so that at least some trace would be left of what was heppening."

The ex-paratrooper did indeed jump from the moving vehicle, which was travelling at around 100 km an hour and suffered bruises

He ran to raise the alarm, reached a nearby priest and got *him to get in touch with the Warsaw* bishops.

French plan to export electricity

BY DAVID MARSH IN PARIS

THE CROSS-CHANNEL electricity link between Frence and Britain, which will come into operation from this autumn, will probably be used to make net power exports to the UK, according to M Marcel Boiteux, chairman of state utility Electricite de France (EdF).

At a Press conference called to unveil improved EdF financial results last year, M Boiteux said the exact nature of electricity flows along the two-way 2,000 MW cable would depend on how EdF and the UK Central Electricity Generating Board chose to operate the link.

But because of the bigher proportion of relatively cheap nuclear-generated electricity in the French power supply, it was likely that flows would pass "more often" to Britain than in the other direction, he suggested.

The cable was originally planned simply to iron out daily fluctuations in electricity demand in the two countries. But M Bolteux said that, if it bad been finished two years earlier, it could have been a factor in the present long-running UK miners' atrike.

M Jean Gullhamon, EdF's managing director, said that negotiations between the CEGB and EdF were continuing on another international collaboration deal, the planned multinational European fast breeder project.

Britain, he said, was willing to take a 16 per cent stake in the project, which would involve building—almost certainly in France—another commercial fast breeder to follow the experience of France's nearly-completed FFr 20bn (£1.8bn) Superphenix plant.

West Germany and Italy, as well as possibly other European countries, are also expcсted to take stakes in the new breeder, although a final decision on the project is not expected until around 1987.

—EdF's losses last year fell to FFr 900m from FFr 5.4bn in 1983, on turnover up 16.4 per cent to FFr 118bn. M Boiteux emphasised that EdF laat year bad been forced to make increased payments to the state of FFr 1bn, largely to help retraining of coal miners. The main reason for EdF's sharp underlying financial improvement was better use of its nuclear network.

EdF had also been adversely affected by the dollar's rise, swelling last year's debt service paymeots. Total debt reached FFr 234bn at end-1984, but tbe ratio of debt to turnover fell slightly.

EdF's 1984 budget had been drawn up on the forecast of a dollar worth FFr 7.50. Even so, M Boiteux pointed out that if the dollar had closed the year at its average 1984 rate of FFr 8.8 instead of its actual level of FFr 9.6, EdF would have ended up with a profit.

● French industrial production fell a provisional 1.5 per cent in November after an upwardly revised 2.3 per cent rise in October, the National Statistics Institute (Insee) said, Reuter reports from Paris.

Insee's seasonally adjusted general production index excluding construction and public works (base 1970) fell to a provisional 132 in November from 134 in October but was unchanged from November 1983.

Cyprus leaders urged to seize peace chance

By Andriana Ierodiaconou in New York

THE UNITED NATIONS Secretary-general, Sr Javier Perez de Quellar warned Greek and Turkish Cypriota at the beginning of a critical meeting here yesterday, that this opportunity for achieving a lasting Cyprus settlement must not be missed, because it will not "readily recur."

Launching the first face-to-face meeting between President Spyros Kyprianou and the Turkish Cypriot leader, Mr Rauf Denktasb, since 1979, he said there were "difficulties to be overcome and pitfalls to be avoided" before achieving a framework "containing the elements necessary for a comprehensive solution to the Cyprus problem, aimed at establishing a federal republic."

The two men made a pointed show of friendship before pbotographers and journalists, smiling and shaking hands in what Mr Denktash quipped was "The bandshake of the century."

They tben retired into closed door talks with the secretary general, his special advisers on the Cyprus issue, and members of their delegations.

Right up to the eve of yesterday's meeting, the two sides were completely at odds over the nature and purpose of the New York summit. In statements in New York on Wednesday, Mr Denktash insisted that the meeting was only pro forma, designed to allow the two sides to sign an agreement.
already drafted framework

The Greek Cypriot side by contrast, maintained that crucial blanks remain to be filled after three months of indirect negotiation

Saab unveils ignition system

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

SAAB-SCANIA, the Swedish vehicles and aerospace group, yesterday unveiled a new car engine ignition system which it claims "will be of decisive importance to the future development of petrol engines."

Saab, which launched the fashion for turbo-charging passenger car engines just over eight years ago—a development which has since been followed by most of the world's major car manufacturers—has brought development of the new ignition system to an advanced stage.

It claims the ignition system will undermine the dominance of existing components suppliers sucb as Robert Boscb of West Germany and Lucas of the UK. ?

Saab is starting field tests on several bundred cars and is hopeful of bringing the system into series production witbin two years. The system has been desilgned for use initially in Saab's top of the range 16 valve turbo-chardged engines.

Saab said that the system—unveiled on the even of the Stockholm motor show—had not distributor, rotor arm or high tension leads and the whole ignition process was controlled by a micro-processor. Saab claims this makes it maintenance-free.

The life span of the spark plugs have been increased three-fold and it is claimed that the system bas solved problems of starting engines in cold or damp conditions. The new system is called Saab Direct Ignition (SDI).

The system has been developed in collaboration between Saab-Scania's engine designers and Mecel, a small researcb and developmeot company within SaabScania Combitech,

EEC enjoys a gloomy outlook

BY IVO DAWNAY IN BRUSSELS

THE EUROPEANS' remarkable capacity to combine both world-weary scepticism and *joie de vivre* is revealed once again in the latest EEC survey of attitudes held by citizens of the Community.

The Eurobarometer balf-yearly opinion poll published in Brussels yesterday shows that in the majority of member states pessimism towards the coming year remains the prevailing view though marginally less so than at the same time last year.

Nevertheless, at the same time, almost 80 per cent of the 9,911 respondents to the poll are either rather or very satisfied with their lives.

The sample also shows a remarkable decline in the fears of a new world war within the next 10 years, indicating, perhaps, that the impact of the peace movement on collective European conclousness bas receded.

Thirteen per cent of those polled in October now believes that a world war is "probable" within the decade compared to 19 per cent at the same time last year, down from an extraordinary high of 34 per cent in April 1980.

As usual, apparently contradictory findings also abound. In the UK, for example, opinions remain settled at about 57 per cent that Britain does not benefit from EEC membership. Yet at the same time those Britons believing membership of the Community to be a "good thing" have increased from 34 to 38 per cent —an all-time bigh—against 33 per cent estimating membership as bad.

As if to prove the marginal usefulness of opinion polls, or perbaps the quirkiness of British opinions, the survey also reveals that while only 25 per cent of UK citizens wish to see an acceleration of European unification, 32 per cent would like the creation of an United States of Europe.

But in the drive towards further integration of the Community states, the Danes most obviously drag their beels with 55 per cent opposed and only 12 per cent in favour. For the Community as a whole 52 per cent are positive and only 21 per cent against—Italy and Luxembourg leading the unification tide.

But perhaps the most significant questions were asked of tbe candidate countries, Spain and Portugal.

For the Spanish, a substantial 60 per cent believe EEC membership to be a good thing with 16 per cent indifferent and only 8 per cent opposed. Coriously, this opinion appears shared by similar majorities across the political spectrum from those supporting the extreme Left to those backing the ultra-Right.

In Portugal, a markedly more sceptical attitude can be found. While 27 per cent are in support of membership, 16 per cent are indifferent and 11 per cent are against. Most significantly a massive 46 per cent chose not to respond at all.

Reluctant workers put brake on Siberia

BY PATRICK COCKBURN IN MOSCOW

THE DIFFICULTY of getting workers to stay in the harsh conditions of East Siberia and the Soviet Far East is holding up development of the zone, according to Soviet specialists.

On the Baikal-Amur mainline (BAM), the nearly complete 3,200 km long railway giving access to the vast natural resources of East Siberia, workers leave because of poor housing, hospitals and schools.

The need to increase the number of workers in Siberia, current population 29m, is central to the Soviet Union's economic development because the area produces 60 per cent of the country's oil and 51 per cent of the natural gas. Some 40 per cent of the world's proved and probable coal reserves are in Siberia and the Soviet East.

"The *first stage* of the BAM zone's development was carried out by constantly changing population groups," according to Mr V Chichkanov, vice-chairman of the Scientific Council on the Problems of BAM.

He says the number of hospital beds in the region is only 59 per cent, proportionately, of that in the Russian republic. Housing is also poor. Construction workers often still live in dormitories on railway cars although they have worked on BAM for five to seven years.

To lure workers, wages are higher than in the European part of the Soviet Union. Construction workers receive 1.7 times the normal wage, though there are complaints about the lower differential payments to other workers.

The difficulty in getting a labour force to move permanently to the BAM area east of Lake Baikal, is rooted as much in the poor infrastructure as in wages, says Mr A. G. Aganbegyan, Chairman of the Council on BAM.

"We're forgetting a simple psychological fact," be says "One quickly gets used to high wages but never to poor living conditions."

In Tynda, a new town on the railway, everything is temporary complains Mr Agenbegyan.

The railway should be in full use by the late 1980s although much of the track is already operational. Started in 1984, the project has encountered problems because of extremes of climate and difficulties in driving 30km of tunnels through the mountains.

Mr Chichkanov says that conditions are so harsh that it takes 18 months to two years to become acclimatised, but that contracts are only drawn up for three years. "The result is that as soon as a person bas settled down and become accustomed to the area and is ready to work at top efficiency, it is time for him to leave."

Portugal sets up fund to help unemployed

BY DIANA SMITH IN LISBON

THE PORTUGESE Government has set up a state-run unemployment fund that will add about Esc 4bn ($24m) to 1985 welfare outlays.

Portugal's present unemployment rate is 10.3 per cent. Female unemployment of 15 per cent greatly exceeds male unemployment, estimated by the authorities at 6 per cent.

Many of the small-medium enterprises that make up the majority of Portuguese businesses use low-paid unskilled female labour – a common practice since massive emigration and colonial wars began in the early 1960's and drained the country of young manpower.

Many small companies do not even pay employees the national minium wage of Esc 15,600 ($93) a month.

The 1984 recessioo hurt many small, weak companies. Unemployment rose by nearly 2 per cent. The new fund will pay workers who have been employed for at least three years two thirds of their last salary for e minimum of six mooths. Better management of unemployment offices should help extend benefits to more people.

Unemployment pay will be given for an extra month for each year worked ebove the three-year minium. Benefits will cease if a beneficiary rejects offers of work in non-profit making concerns designed to keep the unemployed occupied while they wait for full jobs.

The twin problems of low-paid underemployment and moonlighting affect Portugal's labour picture. A large "black" economy whose true proportions are unknown but may be a third of gross domestic product further distorts figures. At the same time this economy and the extended family in Portugal absorb some of the shocks of a depressed open economy.

Used to sending surplus labour abroad in the 1960's and 1970' Portugal now must contend with the return of thousands of migrants.

● Half the 1983 net profit of Portugal's more solid nationalised commercial banks – Esc 1.5bn ($9m) – has been applied on Government instructions to belp out four weaker banks.

The money has been switched from the General Fund into which all nationalised banks must put spare cash flow to the Uniao de Bancos Portugueses, Banco Borges e Irmao, Banco Fonsecas e Burnay and Banco Totta e Acores, whose 1983 results were unsatisfactory.

The Banco Totta e Acores is burdened by its obligations to finance a welfare system instituted by its former owners, the Mello family, and their large corporation

Drug threat seen to security of some states

By Patrick Blum in Vienna

DRUG ABUSE and trafficking reached unprecedented levels last year forcing governments to take equally unprecedented counter-measures, according to a report published in Vienna yesterday by the United Nations International Narcotics Control Board.

The board, one of the world's leading narcotics supervisory organisations, says however, that the picture is not all gloom. There has been a high degree of success in detecting trafficking networks and record seizures of drugs. Goveroments which in recent years had become alarmed at bte increasing scale of the problem have also improved hteir co-operation and effectiveness in combating the drug trade.

Assassination

But there is no room for complacency, the Board says. Traffickers have become more cunning and ruthless, as the assassination last year of Sr Rodrigo Lara Bonilla, the Colombin Justice Minister, demonstrated.

"In many parts of the world it says, "the problem has become so pervasive that economies and political institutions end even the very security of some states are tbreatened."

Very few countries are now uoaffected. Drug abuse and smuggling are gaining ground in many regions where these bad not be a serious problem previously.

In Westero industrialised countries tbe problem bas reached critical proportions. In Western Europe the situation is "grim and deteriorating," the report says. The number of users, including the very young, and of drug-related deaths is growing.

Drug usage is becoming a serious problem in Canada, although it seems to be levelling off or decreasing in the U.S., partly as a result of more effective enforcement and of a decline in use among high-schol students.

Even this relative improvement, bowever, is overshadowed by a rise in beavier individual abuse or the use of more potent drugs, including lethal mixtures. Cocaine (a stimulant) and heroin (a sedative) are mixed to give a roller-coaster effect which si particularly dangerous.

Drug abuse does not yet present a serious problem in Eastern Europe. The number of local users is small, but the report warns that some East European countries are being used for the transit of narcotics from the East to the West.

More than balf the heroin seized in North America and around 70 per cent of that seized in Western Europe during the first seven months of 1984 originated in the near and Middle East.

This region remains a significant source of opiates for the international drug traffic, but local use is also increasing. A rise in local trafficking is invariably followed by a rise in domesitc use, the report says.

Consumption

Many South Asian countries are being used for the transit of drugs with a concomitant increase in consumption there. Several countries in East and South-East Asia are major producers and suppliers of opiates.

Trafficking is also becoming increasingly complex. Individual couriers are more and more being replaced by large movements of drugs in bulk, primarily by sea. Trafficking organisations tend to operate increasingly on a multinational scale, with members being recruited from different countries.

In the Caribbean, Central and South America there bas been a considerable growth in illicit cultivation of the coca busb. Drug abuse is also spreading and governments have had to redoubl etheir efforts in the face of strong resistance by traffickers.

Africa remains at great risk. Information is relatively scarce and traffickers appear to be taking advantage of the poor controls and enforcement capabilities of local governments, the report says.

Inflation rate steady in OECD area

PARIS — Consumer prices rose by 0.2 per cent in the non-Communist industrial world in November after a 0.5 per cent increase in October, the Organisation for Economic Co-operation and Development (OECD) said yesterday.

The inflation rate over the past 12 months remained stable at 5.1 per cent, uncbanged from October and September, but down from 5.3 per cent in November 1983. The rate over the past six months fell to 2.2 per cent from 2.4 per cent.

Of the seven leading industrial nations in the 24-nation OECD area, Italy had the highest annual inflation to the end of November with 9.2 per cent. France had 6.9 per cent, Britain 4.9 per cent and the U.S. 4 per cent. West Germany had 2.1 per cent.

Reuter

VE Day celebration high on agenda for Kohl and Thatcher

BY RUPERT CORNWELL IN BONN

THE BRITISH Prime Minister, Mrs Margaret Thatcher, and Chancellor Helmut Kohl, of West Germany, meet today to discuss a broad range of East-West and European issues—not least the delicate question of the final shape of official commemorations this May 9 of the 40th anniversary of the surrender of Nazi Germany.

This latest regular Anglo-Germany summit promises to be unusually uncontentious. But it falls just a few days after the British Government reversed its earlier intentions and decided after all to bold national celebrations of its own.

Despite its own acute sensibilities on the topic, Bonn is unruffled by the about-turn in London. It accepts that, like France, Britain is determined to avoid offending a country which is now one of its closest EEC and Nato partners.

Mrs Thatcher will emphasise to Herr Kobl wbat she has already made plain at home: that the anniversary will be remembered not in an anti-German spirit, but as the event which overthrew tyranny and usherd in reconciliation and 40 years of peace and prosperity in Western Europe.

Far less clear is the form of international celebration of May 8 1945, and how tha event will be marked at the annual economic summit of industrialised nations which West Germany is hosting bere on May 2-4 this year.

On Community questions also, the summit looks likely to be fairly plain sailing. Britain is still widely perceived bere as a footdragger in the drive towards "European unity" of which Herr Kobl is the most ardent public advocate. West Germany is particularly disappointed at the pound's continued absence from the EMS.

But the two Government are united in their desire to see enlargement of the EEC to include Spain and Portugal agreed by the Brussels European council in March, so that it can go ahead as scheduled from the start of 1986.

Where argument could arise is over environmental protection. Bonn holds that Britain is much too complacent about atmospheric sulphur pollution from its power stations, which it claims, contribute to the acid rain destroying West German forests.

EAST GERMANY has sought to upstage West Germany by proclaiming May 8 a holiday to mark the 40th anniversary of the victory over "Hitler Germany and the liberation of the German people from Nazi rule," writes Leslie Colitt in Berlin.

A debate is growing in West Germany over remarks by leading Christian Democrat politicians that the capitulation of Nazi Germany was nothing to celebrate as it ushered in Soviet rule over East Germany and Eastern Europe.

East Germany, however, announced that the "most historic victory of the USSR and its allies" on May 8 would be celebrated as a holiday to remember the "heroes of the Soviet people"a s well as the death of "German anti-Fascists inp risonsa nd con-
mentioned.
centration camps." No other victims of death camps were

Leyla Ertugrul adds from Paris: Celebrations in France will be dominated by "A spirit of peace anr reconciliation," the Cabinet has decreed

Scandal erupts around SPD in Westphalia

BY PETER BRUCE IN BONN

WEST GERMANY'S opposition Social Democrats (SPD), who bave so far been largely successful in avoiding political fallout from the Flick bribery affair, have been dealt a potentially dangerous blow in North Rhine Westphalia, the country's biggest state and one run by the party. The justice minister there has resigned in the wake of a DM 30m (£8.5m) tax scandal.

Dr Dieter Haak quit late on Wednesday, *just four months* ahead of elections in the state that one regarded by both Government and opposition in Bonn as a dry run for the Federal poll in 1987.

The minister, who had held bis post for just more than a year, said be decided to step down to save the SPD any embarrassment over the arrest of a man he shared a law practice with until the end of last year.

The ex-partner, Herr Friederich Grawert, was released on DM 1m bail on Tuesday after being charged, on Monday along with an estate agent and two others of making false promises on tax breaks and charging high prices for property.

A third of West Germany's electorate vote in North Rhine Westphalia, whose Premier Herr Johannes Rau, is deputy chairman of the national SPD and is often quoted as a potential contender for the party leadership if, as expected so far, Herr Hns-Jochen Vogel leads it to defeat in 1987.

EEC warning on U.S. surcharge on imports

STRASBOURG – The adoption by the U.S. Congress of a surcharge on imports would be vigorously opposed by the EEC, Mr Frans Andriessen, European Community Commissioner, said yesterday.

He was speaking to the EEC Parliament which called on the EEC Commission and Council of Ministers to tell Washington that any U.S. levy would immediately be followed by one in Europe on U.S. products.

Mr Andriessen, in charge of agriculture and fisheries in the EEC executive body, told Parliament that the possibility that Congress would adopt an import levy to stem the growing trade deficit was remote.

But he said: "If, contrary to all our expectations and to reason, the United States would consider such e levy, the Commission would do all it can to stop it."

The Dutchman said he was convinced that Congress and the White House were both aware of the "disastrous consequences" the import levy would have on the world trade.

His remarks came during the Parliament's debate on a resolution blaming U.S. economic policies for the "absurdly overvalued" dollar.

The resolution, adopted by 60 votes to 57, urged the Commission and the EEC Council of Ministers "to make it clear to the U.S. authorities" that the EEC will meet a U.S. import levy "by an immediate surcharge of equal level." A clause calling on Washington to change its domestic economic policies was rejected.

British Conservative MEPs who opposed the resolution called the text unbalanced and said the slide of European currencies against the dollar was due largely to the Community's own inability to produce a joint monetary policy.

In a separate resolution, the Parliament condemned the U.S. for withdrawing from negotiations on dairy products in the General Agreement on Tariffs and Trade.

● Meanwhile in Brussels, the EEC said it concluded a trade and aid agreement with Pakistan that broadens a 1976 agreement on commercial co-operation. The EEC's executive commission said that the deal, concluded after three days of talks in Brussels, calls for economic and development co-operation in addition to commercial links. AP

Army officers 'will be reinstated'

BY TOM BURNS IN MADRID

THE SPANISH Government has touched *on one of the most sensitive* issues in civilian-military relationships in Spain by suggesting that a group of democratic-minded officers, arrested shortly before General Franco died and subsequently expelled from the army, should be readmitted into the services.

Sr Alfonso Guerra, Deputy Prime Minister, made the suggestion in a speech to launch a book on the Spanish officer corps written by a former army major who is now a Socialist Party MP.

Sr Guerra avoided naming the expelled officers and their organisation, which was known as the Democratic Military Union (UMD), but he spoke of "a sector in the army that believed in democracy when it had not taken root in Spain."

He promised their reinstatement by saying it was the duty of the present Government to "solve the problem" during the present legislature.

There has been a blanket refusal on the part of the army hierarchy to contemplate the readmission of nine UMD members – a major and eight captains – who were sentenced to prison terms

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Israeli banks face close scrutiny over shares collapse

David Lennon reports from Tel Aviv on the background to the banking crisis which is now to be investigated by a judicial commission

ISRAEL'S four biggest commercial banks are in serious trouble. They are facing a judicial Commission of Inquiry which will open their operations to intensive public scrutiny and which is likely to increase pressure for the dismissal of their senior executives.

The trouble goes back to October 1983 when the public's fears of a big devaluation of the shekel led to heavy selling to raise funds for buying dollors. This resulted in a collapse which wiped 50 per cent off the value of the shares on the Tel Aviv stock exchange.

Despite a public outcry and demands for their resignation, the bank chiefs refused to accept any personal responsibility for the severe losses of hundreds of thousands of small investors.

The Government came to the rescue of the banks by stepping in to guarantee the pre-collapse price of the shares, provided investors held them for five years.

This effectively turned the shares into Government bonds, which would have to be redeemed by the Government unless the banks could attain unprecedentedly high profits by 1988. To avoid the danger of indirect nationalisation, the Government is willing to give the banks a five-year loan in 1988 to enable them to redeem the shares themselves if they cannot do it from their own profits.

The banks have all launched moderately successful recovery programmes to overcome their losses, but investigation became inevitable following the release at the en dof last year of a scathing report on the crisis by the State Comptroller, in which he accused the banks of "manipulative regulation" of their shares.

Israel's commercial banks, two of which are listed among the world's 100 largest, operate a supermarket of services. They have more than 1,000 branches countrywide, and over 100 offices and 38 representative offices overseas.

The largest bank, with assets in mid-1984 of \$20.7bn, is Bank Leumi. It is closely followed by Bank Hapoalim with assets of \$18.5bn. The Israel Discount Bank is third, with assets of \$10.8m, and the fourth largest, United Mizrahi Bank has assets of \$4.7bn.

The smallest of the five major banks, with assets of \$2bn, is the First National Bank of Israel. It was never involved in the "estabilisation" of its share price, and therefore will not be directly affected by the Inquiry Commission.

The bank's practice of regulating their share prices started 11 years ago. At the beginning, the intervention was intended to iron out chance day-to-day fluctuations. This later developed into "manipulative regulation" according to the Comptroller's report.

The commercial banks have traditionally been the most active brokers in the country, handling the vast majority of share business. Not barred by law from engaging in the securities business, banks are the major underwriters, stock brokers, investment advisers and managers of mutual funds.

Their subsidiaries engage in long term financing—mortgages, development loans to industry and agriculture, and leasing. Most of the banks are affiliated to investment and insurance companies.

As inflation started to accelerate in the 1970s, the banks were pressed to come into the stock market to raise additional equity capital. To apepal to investors interested in relatively stable and non-speculative securities, the banks started to intervene in the market to avoid price fluctuations of their stocks and to ensure long term investors a steady real rate of return.

By October 1983, according to the State Comptroller's report, the market value of the banks' shares was nearly three times the value of the capitel the banks had mobilised since 1977, and had no basis in the banks' real assets or profitability.

The banks have all issued statements that they will co-operate with the Inquiry Commission. Bank Leumi, like the others, added that the Commission should deal not only with the banks, but "with all the parties and the factors which brought about the banks share crisis . . . the capital market, monetary policy and economic policy."

The main defence of the banks' managements is that the practice of regulating bank share prices was known obout and approved of by the Bank of Israel (the central bank) and the Treasury. The banks say further that Ministers of Finance had encouraged them to continue supporting their shares, even after the banks themselves had tried to halt this practice.

"The bank's treatment of its shares was lawful and effected with the knowledge of and in co-ordination with the relevant competent authorities, as well as being fully disclosed in the bank's prospectuses," United Mizrahi declared in a statement issued recently.

The banks unsuccessfully argued against the enquiry Commission on the grounds that the disclosures which would result could herm the bank's standing overseas, and therefore their ability to obtain credit vitally needed by the country.

This argument had the effect of persuading the Israeli Knesset (Parliament) to amend the law to authorise the Commission to close its doors during some or all of its proceedings, and to enable it to keep all or part of its report secret if this is deemed necessary "to prevent damage to a matter of great public concern." Despite this, the enquiry is likely to have serious repercussions for the Israeli banking system.

Mr Harry Recanati, a former managing director of the Discount Bank who severed all connections with the family bank in 1970, bluntly rejects tha bankers' defence that the responsibility lies with the Government. "There is no government on earth which can force serious bankers to speculate in their own shares," he writes in a book published this week.

The validity or otherwise of this statement is one of the key issues which will be studied by the Commission of Enquiry.

Pullout from Sidon 'over within three weeks'

By Our Tel Aviv Correspondent

ISRAEL plans to pull back its occupying forces from the major south Lebanon coastal town of Sidon and its environs within three weeks and to complete the first stage of its overall troop withdrawal within five weeks, an Army spokesman said yesterday.

This was also made clear yesterday to Mr Brian Urquhart, United Nations Under-Secretary-General, in talks with Israeli leaders on the security cole to be played by the UN peace-keeping forces stationed in Lebanon.

Israeli officials also said yesterday that the frontier talks with the Lebanese which had been suspended for a fortnight would probably be resumed on Monday.

Louis Fares writes from Damascus: Mr Urquhart earlier yesterday conferred with Syrian leaders. While there was no official comment on the discussions, the Government newspaper Tishrin said the Israeli plan lacked "accuracy and specific details of withdrawal."

Reuter odds from Tel Aviv: The U.S. has told Israel that it should not use U.S. aid to settle Ethiopian Jews in the occupied West Bank and Golan Heights.

Aid talks

WASHINGTON — A billion dollar fund to help Ethiopia and other poverty-stricken areas of southern Africa will be sought from the 23 countries which have agreed to attend a meeting in Paris at the end of this month, the World Bank announced.
AP

Kuwait urges change in Opec pricing

BY KATHLEEN EVANS IN KUWAIT

A CHANGE in the \$29 per barrel price of Arabian Light is almost certainly necessary if a revision of the Organisation of Petroleum Exporting Countries' system of differentials is to be effective, according to Sheikh Al Khalifo al Saboh, Kuwait's minister of Finance and Oil.

As long as the weighted average price for crudes porduced by members remained unchanged there was "no reason to be obsessed" with any of them including Arabian Light, Opec's reference, he said in an interview published yesterday.

At last month's Opec conference Sheikh Ali proposed a "temporary discount" of 50 cents off Arabian Light as part of an overall readjustment of differentials which could have resulted in revision far more closely orientated to market realities. Iran, Algeria and Libya, however, adamantly opposed any change in the price of Opec's "marker."

The Kuwaiti Minister acknowledged that the compromise accepted in Geneva on December 30 and accepted by all members with the exception of Algeria and Nigeria would "definitely" not satisfy the market. Under this, official selling rates for heavy crudes were raised by 50 cents per barrel and those for very light varieties lowered by 25 cents.

In accordance with the decision of the 11 members, Kuwait has raised the price of medium 31 degree API crude by 25 cents, Sheikh Ali confirmed.

Opec experts are meeting in Riyadh to discuss further adjustments to the system of differentials in advance of the session of seven-man ministerial committee scheduled for January 27 in Geneva prior to the start of Opec's full conference on the following day.

Sheikh Ali said that he would like to see "a credible" system that would "preserve the weighted average but would allow crudes to move one way or the other."

Saudi Arabia is refusing to contemplate any further increase in the prices of heavy crudes—meaning that the gap between them and light varieties can only be closed by lowering the rate for the Arabian Light reference.

Nakasone witnesses Australian union unrest

By Michael Thompson-Noel in Sydney

TO THE acute embarrassment of the Hawke Labor Government in Canberra, the departure today of Mr Yasuhiro Nakasone, Japan's Prime Minister, at the close of a four day Australian visit, will coincide with the outbreak of the worst industrial unrest since Labor won power two years ago.

Mr Nakasone has stressed during his visit that Australia must keep its unions in check, and strive to meet delivery dates, if Japan is to continue to import Australia energy and raw material at current levels.

Unfortunately for Australia, MrNakasone has witnessed at first hand a sudden outbreak of strikes, and the apparent readiness of some unions to stand up to the Government, despite the pay and prices pact between Labor and the Australian Council of Trade Unions.

In New South Wales, an all-out rail strike is due to start tomorrow which will affect coal exports to Japan and other customers.

More than 100,000 civil servants are staging rolling strikes and other action in protest against the rejection last week by the Arbitration Commission of a 8.3 per cent wage claim.

Other strikes involve builders, doctors and sewage workers.

Mr Nakasone leaves for New Zealand today on the last stage of his South Pacific tour.

Zia urged to make further poll changes

PAKISTANI politicians yesterday began pressing President Mohammad Zia-ul-Haq for more concessions after he reversed an earlier decision banning most of them from standing in general elections next month, Reuter reports from Islamabad.

President Zia's sudden switch, announced on Wednesday following mounting criticism from politicians, means that all but a few dozen people will be allowed to run in the first general elections since 1977. However, parties will remain outlawed.

India launches drive to stop corruption

BY JOHN ELLIOTT IN NEW DELHI

THE NEW Indian Government's attack on political and administrative corruption is to be launched in the next few days with legislation intended to stop Members of Parliament being bribed to change their political parties.

Mr Rajiv Gandhi, the Prime Minister, has pledged a wide-ranging attack on corruption in public life. Yesterday, an anti-defection Bill was promised by President Zail Singh when he opened the first session of Parliament since the recent general election.

The Bill will be introduced during the current session which only lasts until the end of next week. Although not yet finally drafted, it is expected to force members of both the national parliament and state assemblies who switch parties to resign their seats and stand again in a by-election.

Political corruption is rife in India, particularly in state assemblies where members are enticed to switch parties for monetary gains, Ministerial jobs, and posts on boards of public sector businesses.

While Mrs Indira Gandhi, the late Prime Minister, was in power, her Congress-I Party was often accused of such practices.

The proposed legislation may permit a genuine split of a party as opposed to the defection of a few individuals.

This could reduce the impact because, for example, the group that tried to unseat Mr Rama Rao would claim it was splitting Mr Rao's party, not defecting from it.

Yesterday's Presidential speech also promised other electoral reforms. These may include a law to allow companies to make donations to political parties.

Other plans listed in the Presidential speech include a new policy to revive the textile industry, an examination of industrial safety procedures following the gas leak tragedy last month in Bhopal, and new policies on education and equality for women.

MR Waren Anderson, Union Carbide's chairman said from his company's Connecticut headquarter on Wednesday that the financial costs of the Bhopal tragedy to his company would have little effect on the company's ability o conduct business.

He told AP-Dow Jones that the 25 class-action lawsuits already filed would never be settled at their claimed values. Union Carbide was adequately protected with insurance and had managed its cash-flow well enough to "put us in pretty good shape financially." His company had no intention of abandoning operations in Third World countries, he added.

Iran parliament to propose sweeping budget changes

BY ALI MANSOUR

IRAN'S PARLIAMENT is set to propose sweeping changes to the budget recently submitted by the Government totalling Rial 3,868.7bn (\$42bn). Fairly drastic cuts are expected following the green light given by Ayatollah Hussein Ali Montazeri, Ayatollah Khomeini's heir apparent.

Ayatollah Montazeri told the members of the Majlis (Parliament) budget commission that Iran was facing difficulties maintaining exports and imports. He said there was a need for "austerity measures" and that the commission should work with the Government to cut spending. Subsidies on some essential gooda would have to be removed and that there should be a freeze on jobs in ministeries and government offices.

Ayatollah Montazeri's comments, broadcast at length on Tahran radio, reflects Iran's growing worries about the oil market and Iraq's sustained oerial attacks in recent weeks on shipping in the Gulf. There is also concern about Iran's chronic budget deficit which for the current year to March 1985 is estimated at over \$10bn — a quarter of the budget.

The Majlis move to slash the budget would be a setback for the government which has been trying to shore up the economy through extensive deficit financing in

In 1984 Iran's oil exports, the country's main source of foreign exchange, dropped well below the maximum possible under its quota agreed with the Organisation of Petroleum Exporting Countries.

Michael Field writes: A report published yesterday by the Economist Intelligence Unit argues that it will take Iran at least 20 years to reconstruct its economy after the end of its war with Iraq.

Reconstruction in Iraq is expected to take only 10 years. This is partly because material damage in Iraq has been much less extensive and partly because the country has not suffered a revolution.

AMERICAN NEWS

U.S. and USSR agree to meet for Middle East talks

BY STEWART FLEMING IN WASHINGTON

THE U.S. has agreed to regular meetings with the Soviet Union to discuss the Middle East crisis in a move which is seen as o significant shift in its attitude towards Soviet diplomacy in the region.

Mr Robert McFarlane, President Reagan's national security adviser, disclosed the decision in a television interview. "We have for years told the Soviet Union we are interested in talking with them about settling regional disagreements, whether it's South Asia, the Middle East or Central America," he eaid.

However, Mr McFarlane denied that the decision represents a shift in U.S. policy which could lead to an intemotional conference on the Middle East, something the U.S. continues to oppose. Despite Mr McFarlane's comment, Mr Bob Sims, a White House spokesman, said that although there bave beem diplomatic exchanges with the Soviet Union on regional issues the talks now planned would be the "First recent exchange at expert level."

No time or agenda has yet been set for the first meeting, which will probably be held at the level or assistant secretary of state.

Hitherto the U.S. *has been* happy with the limited diplomatic role which the Soviet Union has had in the Midle East in recent years. But now, Mr McFarlane indicated, it can see some advantages in greater Soviet involvement. Althougb the U.S. will continue to favour direct negotiation between Israel and its Arab neighbours, he said that Washington would urge Moscow to intervene "In a positive way. . . (with) states with whom they have some influence" — a remark which will be seen as applying in particular to Syria, which the Soviet Union suplies with arms.

According to reports out of Tokyo, Japan and the Soviet Unioo will resume government-level trade consultations next week. The regular annuol talks were broken off in 1981 as part of sanctions agoinst Moscow following the declaration of martial law in Poland in 1981.

Moscow capitalises on diplomacy

BY PATRICK COCKBURN IN MOSCOW

THE AGREEMENT of the Soviet Union and the U.S. to bold regular meetings on the Middle East is a measure of the lack of friction et present between the two superpowers in the region.

Mr Robert McFarlane, the U.S. national security adviser, denied yesterday that the talks involved any ehift in policy and said they were not formal negotiations.

Nevertheless, the situation today in the Middle East is in sharp contrast to the period from the June war of 1967 to the U.S. withdrawal from Beirut last year.

Throngbout that period, important allies of Moscow and Washington were either close to conflict or at war. Now Israel is pulling out of Lebanon, leaving Syria as the predominant power in the country, as it was before the Israeli invasion in 1982.

In the one *serious* war continuing in the region there is no clash as the U.S. and the Soviet Union both back Iraq against Iran. Ayatollah Khomeini has declared both Moscow and Washington anathema, but the Iranian army has paid the price hy having to fight without any regular supply nf beavy and high technology weapons from either super power.

The Soviet Unlon is Iraq's most important arms supplier, as it bas been since the late 1960s. Over the last year it has *also* extended credits to Iraq, whose oil revenues bave been low since the start of the war.

Today's firm backing for Iraq by the Soviet Union is in contrast to its neutrality in the first two years of the war. Since 1982, bowever, Moscow has increased its denunciations of Tehran, orguing that the continuation of the conflict is the responsibility of Ayotollah Khomeini.

Moscow bas alwaya had to balance its relations with Iraq and Syria in the Middle East. It has treeties of friendship and co-operation with both desplte the long antipathy between Baghdad and Damascus.

Despite jnhiliation in Moscow et the pullout of the U.S. military peace-keeping presence from Lebanon, differences continue with the Syrian Government. Moscow disaproves of President Hafez Assad's campaign to drive Mr Yassir Arafat from the leadership of the Palestine Liberation *Organisation*.

But when Mr Arafat was besieged in Tripoli in northern Lebanon in 1983, the Soviet Union could do little to belp him.

Elsewhere in the Middle East the Soviet Union maintains its traditional friendship with North and South Yemen, Algeria and Libya. The latter, an *important* market for Soviet arms, remains a maverick ally which the Soviet Union bolds at arm's length.

Ambassadors were exchanged with Egypt early this yeor, marking a return of relations to something like normality. King Hussein of Jordan bas also made friendly advances to Moscow, which he plans to visit following the conclusion of a deal whereby his country will receive Soviet anti-aircraft missiles denied him by the U.S.

Overall, the Soviet Union has gained influence in the Arab world because of the defeat of the U.S. and its allies in Lebanon and the collapse of the peace plan put forward by President Reagan in 1982.

But the gain in Soviet influence has its limits. The victory of Syrie in Lebanon was achieved with *little* help from Moscow. Egypt is keeping its alliance with the U.S. in fairly low profile and has puts its peace treaty with Israel on ice. No real change on the ground *is expected in the region* and this allows talks to take ploce between the superpowers with little friction or controversy. But the new amity would hardly survive a crisis of the sort so common in the past.

American Airlines cuts fares up to 70%

By Andrew Baxter in New York

AMERICAN Airlines, the second biggest U.S. domestic olr carrier, yesterday signalled a further round in the U.S. air fares war hy announcing a discount fare programme cutting licket prices by "up to 70 per cent or more."

The airline, which on Wednesday reported an 80 per cent fall in fourth-quarter net profits to $23.6m (£21m), said the cuts were "among the largest discounts ever offered in the history of the airline."

American said the promotion involved all the 92 U.S. cities and 33 stotes it serves, as well as the district of Columbla.

Neves rules out bank nationalisation

Sr Tancredo Neves, Brazil's president-elect, yesterday ruled ont any possibility of bank notionalisation after his opposition party government takes office in March, writes Andrew Whitlers in Rio de Janeiro. He referred to the "inauspicious precedent sel by the Socialist Government in France.

Speaking at bis first press conference following Tuesday's indirect elections, Sr Neves nevertheless referred to the need for greater social justice in the taxation of bank profits and for greater vigilance of the Brazilian private banking system by the central bank.

U.S. oil consumption increases by 3.5%

U.S. oil consumption rose by 3.5 per cent last year, its first rise since the oil crisis of the late 1970's, according to the American Petroleum Institute, writes Williom Holl in New York. The increase was due to a severe cold spelt last winter and a surge in economic activity.

However, the rise in consumption was only about half the rate of U.S. economic growth last year

Housing starts up 2.1%

U.S. *housing starts* increased by 2.1 per cent in December to a seasonally adjusted annual rate of 1.59m units, the Commerce Department said, Reuter writes from Washington.

Godfrey Hodgson reports on increasing problems for the U.S. media

Fourth Estate falls foul of the courts

TEN YEARS AGO, after the Washington Post hod played a crucial part in the exposure of the Wotergate scandals and in the overthrow of President Richard Nixon, the American news media stood on a high pinnacle of national esteem.

No one then thought it exaggerated when the best-selling writer David Halberstam named his book about the Washington Post, the CBS television network and Time magazine "The Powers That Be."

The three national network news organisations, the two national news magazines and the bandful of papers like the New York Times and the Washington Post that hove national influence ore still powers in the land.

But some of their glory has deported. Almost every day bringa news of widespread popular *suspicion*, even hostility, towards the nationol news media, whicb are often called "arrogant" and seen as obstinately clinging to liberal views in the face of the pnblic's conservative mood.

This week a New York jury found that Time magazine had defamed General Ariel Sharon, the former Israeli Defence Minister, in an article about the 1982 Beirut massacres.

The trial is not yet over. Having found that the words used were defamatory, the jury must still decide wbether the article was false, and wbether Time published it with "reckless disregard" for the *truth*. And, of course, the jury's decision is based on the specific evidence it has beard in that case

Even so the Time verdict is being regarded bere as yet another indication of dissatisfaction with the standards of Americon journalism.

In an open letter to Mr Henry Grunwald, the chief editorial officer of Time, Mr Steven Brill, editor and publisher of the influential magazine The American Lawyer and himself a jaurnalist, wrote this week: "For the sake of ell of us in the profession you leod . . . strike a real blow for the free Press by admitting your mistake and acting to clean up what caused it."

Meanwhile, in an adjoining Manhattan federal court, CBS is one of the defendants in a $120m libel suit brougbt by Gen William Westmoreland, the U.S. commander in Vietnam from 1964 to 1968.

The other defendants are Mr Mike Wallace, the presenter of the most popular U.S. current affairs programme, Sixty Minutes, and the young producer, Mr George Crile, wbo made the documentary The Uncounted Enemy, in which it was alleged that the military deliberately undereatimated the number of Viet Cong guerrillas. Gen Westmoreland denies this.

In another move this week, a group of supporters of tbe powerful Right-wing Senator Jesse Helms, of North Carolina called on conservatives to buy shares in CBS so that they could become "Dan Rather's boss." Mr Rether, the anchorman of the CBS nightly news bulletin, is disliked by coneervatives for his alleged liberal views.

In 1973 it was another North Carolina Senator, Mr Sam Ervin, who was made a national hero by the TV networks as chairman of the Wetergate hearings.

The Washington Post has not escaped troubles either. In 1982 a jury awarded over $2m in damagee to Mr William Tavoulareas, president of Mobil Oil, for a story thot, according to the legal writer Anthony Lewis, "could not be called deliberate or reckless." The case is still under appeal.

That *is* only one of a number of cases which are exposing the inadequacies of the judgment that is the foundation of modern American newspapers' comparativa freedom from libel actions. That is the decision in Sullivan v The New York Times, in the Supreme Court in 1964, whicb held that a public official (later decisions extended this to all "public figures") could not collect libel damages unless tbe publication bod been guilty of "actual malice" either by deliberate untruth or reckless disregard of the truth.

"American libel law is not working," Mr Brill says. There are increasing calls for it to be changed, and in practice, any change would probably limit tho media's freedom.

But libel is not the only difficulty newspapers and television are encountering. The Reagan Administration has shown its displeasure with the supposedly "liberal" media in many ways. Journalists and lawyers report that the Government has made it far harder now to get access to files under the Freedom of Information Act, passed by Congress in the post-Watergate period.

And this week the Central Intelligence Agency, which cannot sue for libel, complained ebout an ABC TV news broadcast about its alleged involvement in the death of a Hawaii businessman to the Federal Communications Commission, the regulatory body that could, in theory, take away ABC's broadcasting licence.

Tbe FCC dismissed tho complaint, but the New York Times commented in a concerned editorial that "the FCC should not allow itself to be used, evan temporarily, to intimidate a news hroadcaster."

Many of the strongest *defenders of freedom of the press* here fell that the media have brought their troubles at least in part on themselves. Mr Fred Friendly, the veteran CBS producer who is now a respected professor et the Columbia School of Journalism, said that what bothers him is "the wince factor" emerging about some journalistic practices. "Some of tha journalism isn't very responsible," he says.

"We're entering an era," said Mr Tom Pettit, a vice-president of NBC News, "where zeal isn't enough."

Congress hardens attitude on MX missile

BY OUR WASHINGTON CORRESPONDENT

FURTHER SIGNS of e hardening attitude in Congress towards the costly and controversial MX missile surfaced in a speech in Washington on Wednesday by Mr Les Aspin, the newly-elected *chairman of the House Armed* Services Committee.

Mr Aspin hinted that he might abandon his support for the MX, the new generation ballistic missile which both President Ronald Reagan and Mr Caspar Weinberger, Defence Secretary, say is vital for the modernisation of U.S. offensive nnclear forces. Mr Weinberger has said that abandoning the MX now would send the wrong *signal to Moscow about* the atrength of the U.S. bargaining position ahead of the forthcoming arms talks.

But Mr Aspin, who has supported the MX in the past, challenged this argument saying that now that defensive weapons will be part of the arms control talks expected later this year, the MX may no longer be needed as a "bargaining chip." He argued that: "*The threat to build defensive* systems around our missiles may be a more rational threat —and therefore a better bargaining chip—than the threat to build MX."

Separately, in another indication of the pressure building up in the Senate for curbs on defence spending, Senator Alan Simpson, the Republican assistant majority leader, warned that the Pentagon may be pres*sured to scrap weapons systems* or cancel weapons contracts as part of its contribution to the freeze on government spending which Senate Republicans are working on to tackle the federal hudget deficit.

WORLD TRADE NEWS

Private agency set up to combat counterfeit trade

BY CHRISTIAN TYLER

A PRIVATE AGENCY to investigate the industrial counterfeit business, said to be worth $6/bn (£54bn) a year worldwide, is being set up by the International Chamber of Commerce.

The Counterfeiting Intelligence Bureeu (CIB) to be based in London, is being louncbed on a sboe-string budget of around £50,000 and starts with only three investigolors of its own, all former policemen.

But the ICC said yesterday more investigators would be taken on as thc workload increased. The ICC expects many of its 7,000 member companies an dassociations in 100 countries to subscribe. Large companies will be charged £2,500 a year and small ones £750. Very small companies would be helped for no charge.

The bureau *claims to* be the first international, non-governmental agency tackling the growing traffic i nlook-alike goods, ranging from perfumes to aircraft parts.

It is being launcbed in the same way as the International Maritime Bureau, created by the ICC four years ago, which claims to have made significant inroads into maritime fraud and piracy. The counterfeiting agency will initially *rely largely* on the 14 tnvestigators of the Maritime Bureau.

Mr Eric Ellen, former chief constable of the Port of London police, and director of both hueaux, said that counterfeiting was "no longer a cottage industry" but bad become o big-corporation business in which *organised crime was* sometimes involved.

The CIB will help companies amass the evidence they need to bring successful prosecutions, and will co-operate with customs and law enforcement outhorities.

Mr Alain Thrierr, o French authority on counterfeiting and technical adviser to the new agency, said lilicit manufacture was to be found in Italy, Japan and even the U.S. as well as in well-known centres like Taiwan, Hong Kong and Singapore.

A growing number of counterfeit goods were neither safe nor harmless, Mr Hans Konig, ICC *secretary-general, said.* "Substandard fakes, from medicines and chemicals to housebold and electrical appliances to spare parts and occessories in the automobile and aviation industries increasingly spell danger for the innocent buyer."

The launch of the new agency coincides with renewed governmental pressure, apecially in the U.S., for international negotiations on the prolection of trade-*marks and patents under the* ouspices of the General Agreement on Tariffs and Trade in Geneva.

Irish group wins £20m Saudi health contract

BY BRENDAN KEENAN IN DUBLIN

AN IRISH Government-owned company bas won a £20m contract to provide health services in Saudi Arabia in conjunction with a Saudi partner.

Tbe deal la o major success for Ireland's Nationat Enterprise Agency, whicb was established to create jobs by investing directly in commercial ventures or establishing its own. The concept has been the subject of political debate, with the Labour Party pressing for an extension of the Agency's role and Fine Fael its majority partner in the coalition Government, remaining doubtful.

The contract was won by a wholly owned subsidiary of tha agency, the Irish Health Services Development Corporation, in partnership with Rezayat Company, a member of the Soudi Arablan Alireza group. The two-year contract involves providing management, staffing and supplies for a bospital and clinics in King Khalid Militory City. The contract will be operated hy a ne w joint veoture compaoy.

Israel and U.S. finalise free trade agreement

By David Lennon in Tel Aviv

THE FREE TRADE agreement (FTA) between the U.S. and Israel is expected to be tmplemented within four months, Israel officials said yesterday. The final hurdle to completing this unique agreement has been overcome, and legal experts are now drafting the text of the trade pact.

The agreement, which U.S. officials said would be signed "very soon, possibly within two weeks," may set a pattern for trading agreements between *the U.S. and other* countries in the future.

The U.S. is Israel's second largest trading partner after the EEC. It accounts for about 20 pjer cent of Israel's imports and 22 per cent of its exports.

The negotiations, which began a year ago, were stalled for many months over the staging of some tariff reductions, as well as the removal of export subisidies in Israel. The U.S. textile industry was especially active in pressing the Reagan Administration for continued protection against Israeli exports.

The agreement has also had its oponents in Israel who fear that over-exposure nf local industries to tariff-free U.S. exports could kill off a number of budding industries, especially electronics and other high teche enterprises.

The new agreement, which for Israel will replace the Generalised System of Preferences (GSP), which limits the volume of goods allowed in tariff-free, will permit unrestricted export of goods, services, and agricultural produce.

Israel's agreement with the EEC only provides for free movement of industrial products.

The U.S. has agreed to accept the Israeli practice of subsidising its exports, reportedly hy 15 per cent, for another six years. After that, Israel will be required to cancel all export subsidies on goods being sent to tbe U.S.

Israeli officials are hoping that the new agreement will enable their country to multiply its sales to the U.S. so that by tbe end of the decade annual exports will reach $5bn, compared to the $1.3hn recorded in 1983.

ITT in trade debt deal with Lagos

BY PATTI WALDMEIR IN LAGOS

ITT, the U.S. telecommunications and industrial group, bas agreed to extend Nigeria favourable terms on refinancing $365m (£331m) in overdue trade debts owed to ITT Nigeria, the company's Nigerian affiliate, and to ITT Standord SA of Switzerland. It has done this in preference to waiting for the outcome of efforts to reschedule several billion dollara in trade arrears owed to about 350 creditors.

Financial officials in Lagos said ITT and Nigeria signed a bilateral deal early this month to resbedule the arrears, some dating from the mid 1970s, over eight yeors rether than tba six year maturity agreed in principle with uninsured creditors in *April last year*.

The bnlk of these creditors are still owaiting the completion of a process of reconciling debts claims against importers' document and against het records of Nigeria's Central Bank. This bas alread taken over elght months.

Only $250m in promissory notes *have* been *issued so* far. Total uninsured debta are estimated ot between $4bn and $6bn and the hulk of the notes are not expected for several months.

The first interest payment on the ITT refinancing deal, wbich was ararnged by Bankers Trust, is dne today. Interest will be paid at 1 per cent over the London inter-bank offered rate (Libor), the same interest rate specified in the April agreement with uninsured crediiors. Interest will be backdated to January 1 1984.

The rescheduling covers debts incurred by Nigeria'a Federal Ministry of Communications for the installation of telephone exchanges throughout the country *in the mid 1970s. According* to Lt Col A. A. Abdullahi, Communications Minister, some exchange equipment supplied by ITT in 1975 and 1976 is still sitting idle in Nigerian warehouses because exchange huildings have still not been built to house it.

The $365m deal includes both offshore and Naira debts. It also includes some future costs of completing the exchango installations.

Nigeria and ITT also signed a $171m suppliers' credit to cover completion of other exchange contracts awarded subsequently by the Communications Ministry. However this credit, lead managed hy Bankers Trust, is contingent as the resumption of export insnrance cover for Nigerie hy Face, the Italian export insuranceagency, and on the agency approving the new projects for cover.

NIGERIA'S imports could run to $7bn this year, higher than estimated in the recent budget statement, and this could help create a balance of payments gap of $3bn, according to London merchant bankers Morgan Grenfell, writes Christian Tyler.

Mr Innis Meek, assistant director of the bank, told the Nigerian-British Chamber of Commerce in London yesterday that the deficit on balance of payments could be repeated in 1986 and rise to around $5bn form 1987.

The bank's projection assumes tha Nigeria will need to increase its imports to keep the economy running, and that the oil price will stay around $27.80 a barrel 'till 1986.

It was not clear from the budget statement how Nigeria would plug the gap, Mr Meek *said.* ..."*But ...the ...picture* suggests that something has got to give." The options included delaying payment for imports, seeking further bank and supplier credit, rescheduling medium-term debt or seeking an IMF loan to encourage further lending by commercial concerns.

GM chief seeks fresh car pact

By Bernard Simon in Toronto

THE U.S.-Canada free trade agreement in automotive products needs to be revised to take account of growing North American imports of vehicles and parts from other countries, General Motors chairman, Mr Roger Smith, said at a function in Toronto celebrating the 20th anniversary of the agreement.

According to Mr Smith: "The challenge is to reconcile a bilateral agreement, negotiated when import duties were higher and when third-country competitors were relatively insignificant, to the realities of today's multilateral competitive environment."

Despite its name, the Autopact does not allow compleiely unfettored trada in outo*motive products* between U.S. and Canada. Numerous safeguards—designed mainly to ensure continuing investment in Canada — have generated increasingly strong crilicism in the U.S. and untainty among manufacturers.

Motor manufacturers in Canada are required to maintain Canadian value-added content of around 60 per cent wblch epplied hefore the Autopact was slgned in the mid-1960s. In addition, manufocturers must produce approximately one vehicle in Canada for every one sold in the country.

Ecuador in fresh move to attract foreign investors

BY ROBERT GRAHAM

THE CONSERVATIVE Government of President Leon Febres Cordero in Ecuador has made a series of moves to liberalise the economy and attract foreign investment. The latest step is a decree permitting free foreign investment in housing construction programmes.

This follows earlier steps relaxing provisions for investment in the oil sector whicb resulted in Occidental a four-year exploration contract.

The liberalisation moves appear to go against existing provisions of the Cartegana ogreement signed by the Andean Pact countries and in particular Decision 24 governing foreign investments. However, President Febres believes the Cartagena agreement to he in need of urgent up dating and has decided to act before reforms are expected to be completed by Andean Pact ministers in March.

By opening up the housing market to foreign capital, the Government is boping to privatise more efficiontly low cost housing. The Govarnment plans to huild up to 30,000 such units a year. To protect investments the Government is also considering a series of bilateral governments and approaches bave already been made to the UK to extend similar treatment as it has negotiated with Costa Rica.

In December agreement was reached on rescheduling $4.6bn worth of foreign deht, covering principal payments maturing between 1985 and 1989. With growth last year returned to posilive rates of 3 per cent after 1983's minus 3.3 per cent, President Fehres is seeking a modest recovery. Increased oil earnings and lower imports produced a $1bn trade surplus and reserves rose to $170m. The Govrenment now feels that it has more room to manoeuvre.

Until now the main foreign interest has been in the oil sector. Ecuador is anxious to make up for its depleting reserves ond on current estimotes it must double reserves to retain the current levels of export earnings through the end of the decade. Occidental's contract doe to be signod next week envisages an investment of $50m in seismic and exploration work.

Ericsson wins Mexican order

By David Brown in Stockholm

ERICSSON, the Swedish telecommunications and electronics group, has won an order worth $195m to supply telephone equipment to Telmex, the Mexican PTT.

The order involves digital and (to a lesser extent) analog transmission equipment as well as exchanges for 350,000 telephone lines which will be assembled at the group's Mexican subsidiary Teleindustrie Ericsson using semi-finished parts from Sweden and will be delivered in 1986.

The deal brings Ericsson's total lines on order to Mexico to 660,000. About 160,000 are already in service.

This is one in a series of orders which followed the 1980 systems selection by Telmex, when it chose Ericsson's Ake system and the 1240 system of ITT of the U.S. Mexico buys roughly 400,000 to 500,000 lines annually, a company official said.

● CIT-Alcatel of France is expected to sign o major contract with China soon to supply a telepbone exchange system for Peking, Reuter reports from Paris. The contract, worth some FFr 500m ($52m), would mark e breakthrough for French technology in the potentially enormous hut highly competitive Chinese market.

Taiwan approves fourth N-plant

TAIWAN'S Council for Economic Planning and Development has approved a proposal by the state-owned Taiwan Power Company (Taipower) to build a fourth nuclear power plant, Reuter reports from Taipei.

Mr Wang Chou-ming, a council official, said the new plant, to be located near Yilan in northeastern Taiwan, will cost T$178.4bn (£4.4bn) and take nine years to complete. The plant will have two 1m kW capacity generators.

Taiwan has two nuclear power plants in operation and a third will come on stream in April, boosting Taipower's generation to 55 per cent of Taiwan's total electricity output from the current 47 per cent, a Taipower *official said*.

He said Taipower would hold a tender for nuclear power facilities, including reactors and generators, possibly in the first *half* of this year.

Taipower is likely to choose U.S. suppliers to help reduce Taiwan'e trade surplus with ith U.S., which hit a record $9.8bn last year.

Japanese Exim Bank to back private lenders

AN ADVISORY panel has authorised Japanese Finance Ministry's plans to allow the Export-Import Bank of Japan to guarantee obligations of overseas borrowers from private Japanese financial institutions, Kyodo reports from Tokyo.

The Exim Bank currently can guarantee obligations only in connection with syndicated private loans abroad joined by the Government Bank.

The plans, given the go-ahead by the Financial System Council, also authorise the bank to be able to make direct loans to overseas affiliates of Japanese companies. Currently, such loans can be extended only through parent companies.

The Ministry hopes to submit a bill to a regular Diet (Japanese parliament) session early in March to add these new roles to the Exim Bank, the officials said.

You've heard the fallacies about the NHS drugs bill. Now here are the facts.

From the 1st April the Department of Health proposes to cut the range of medicines prescribable on the NHS. This means that many valuable treatments will not be freely available in any form.

Below we present some facts and fallacies about medicines and their costs to Britain. We hope that this information will help you to understand why this bureaucratic plan (which would reduce NHS doctors' prescribing freedom, impair the treatment of some patients and harm the British pharmaceutical industry) is as unnecessary as it is uncaring.

FALLACY: The NHS medicines bill is rapidly escalating and running out of control.

FACT: Over the past 20 years the medicines bill, as a proportion of total NHS expenditure, has remained almost constant. It is still under 10 per cent of NHS costs.

FALLACY: There are as many as 17,000 products available on the NHS TWICE as many as 25 years ago.

FACT: When government ministers refer to 17,000 products they are talking about product licences, the numbers of which have, in fact, halved not doubled since 1971. Doctors prescribe almost entirely from a range of just over 2,000 products listed in the Monthly Index of Medical Specialities (MIMS).

FALLACY: Doctors' prescribing in the UK is excessive.

FACT: Doctors in this country write on average 6.5 prescriptions per patient a year. Doctors in comparable developed countries – such as Germany, France, Italy and Spain – write almost twice as many prescriptions for each patient.

FALLACY: Medicine prices in this country are too high and are unfair to the taxpayer.

FACT: Medicine prices in this country are competitive with those in other major manufacturing nations – and have been subject to government regulation since 1957. Per head, Britain spends on medicines about half the amount recorded in Germany, France, America or Japan. The average cost to the taxpayer of an NHS prescription is just over £4. The average cost of treating an NHS patient in hospital is around £550 a week.

FALLACY: Pharmaceutical companies make excessive profits.

FACT: Pharmaceutical companies, on average, earn a real return on historic capital of 17-18 per cent on sales to the NHS – the same as the average profit for manufacturing industry as a whole.

FALLACY: The pharmaceutical companies are mainly multi-national, and make little contribution to the nation's economy.

FACT: Pharmaceutical exports from the UK by multi-national research based companies exceed imports by some £650 million a year – a considerable benefit to British taxpayers and the national economy.

FALLACY: Pharmaceutical companies are not producing any really worthwhile new products.

FACT: In the last 25 years there have been major new products for the treatment of, for example, asthma, epilepsy, heart disease, ulcers, virus diseases, high blood pressure, Parkinson's disease, leukaemia in children, some other cancers and mental illnesses. Furthermore new drugs have played a major role in saving the lives of patients needing heart, kidney and liver transplants.

FALLACY: The Government's proposals will save taxpayers £100 million.

FACT: Costs arising from the measures – unemployment benefits to former pharmaceutical company employees, re-employment costs, lost exports, could cost taxpayers more than the community will gain. In practical terms the only 'savings' to the taxpayer would come from the pockets of the sick, the elderly and the unemployed, who on occasions would have to pay directly for the medicines they need.

These are the facts. Do you really believe there is a case for setting up a 'limited list' of medicines for NHS patients?

The plan would damage severely the one British industry that is at present able to compete with the Americans, the Japanese and the Germans in international markets. Write to your MP at the House of of Commons, London SW1.

abpi

Fighting for a healthier future.

The Association of the British Pharmaceutical Industry.

UK NEWS

Drug industry warns of 1,000 jobs at risk

BY CARLA RAPOPORT

OVER 1,000 pharmaceutical jobs will be lost this year as a result of the Government's plans to restrict the number of drugs available to the National Health Service (NHS), according to leading executives in the industry.

A reduction in employment would be the UK drug industry's first in recent memory. It is also claimed by the industry that between £130m and £140m worth of capital investments planned for this year bave now been delayed or cancelled by drug companies operating in Britain.

These cutbacks are expected by the industry once the Government's plan to limit the number of NHS medicines is npproved:

- Reckitt & Colman would lose balf its prescription drug business, with sales of as much as £10m to £12m disappearing as a number of its drugs would no longer be available from NHS doctors. Employees at Reckitt have already been warned that joh losses are a distinct possibility.
- Wyeth, a subsidiary of American Home Products, stands to lose about 40 per cent of its sales as a result of the squeeze. It has frozen plans for a £30m research facility at Swindon, Wiltshire.
- Syntex, a U.S.-based company, has frozen plans for a £20m facility near its UK subsidiary in Maidenhead, Berkshire.
- Rocbe, the UK subsidiary of Hoffmann-Is Roche of Switzerland, is expected to sbed as many as 300 jobs as 98 per cent of its UK sales are manufactured in Britain. The new government lists would eliminate about 65 per cent of its pharmaceutical sales, at present worth around £30m a year.
- Other companies expected to lose sales and jobs include the UK arms of Sterling, Lilly, Warner Lambert and Upjohn, which are all U.S. companies.

Sir James Cleminson: research threatened

Dr John Griffin, director of the Association of the British Pharmaceutical Industry (ABPI), yesterday confirmed the expected job losses and capital investment cutbacks. The industry has been investing between £215m and £240m a year in capital projects over the last few years.

Sir James Cleminson, chairman of Reckitt & Colman, said yesterday that, if the Government's restricted list was approved without changes, "we will have to review the whole of our research programme in Hull." Production jobs could also be affected.

Mr Norman Fowler, the Social Services Secretary, introduced his plan for limiting the number of drugs available through the NHS last November. The proposals are intended to save about £100m a year from the annual drug bill for the NHS of around £1.4bn.

The Government is also expected to announce another cut in drug prices within the next few months to achieve a further £40m to £50m in savings. These price cuts would be achieved by further limiting the drug companies' profitability.

Drug industry executives and prominent members of the medical community have been pressing the Government to change or drop its plans for the limited list.

Sue Cameron on the latest purchaser of a national newspaper stake

Press chief who wants profits, not glory

MR DAVID STEVENS, chairman of United Newspapers and of Montagu Investment Management, glanced hriefly at one of the beautifully inscribed bonds framed on the walls of his London office.

It was dated 1906. It told the seemingly sad story of an Indian prince – "the Rajah of the first part" – who mortgaged his estates of Kallikote and Atagada at 6 per cent a yeer. The £100 bond was to be redeemable in 1955. Mr Stevens, regarding it, gave a 'Hmph" of disapproval and noted shortly: "Not one of my investments."

Mr Stevens, aged 48, a short, plump man, tends to be described as dynamic – a description he seems to enjoy. In four years since be became chairman, he has wrought enormous changes at United. In 1981, the group – which owns the Yorksbire Post daily newspaper and the bumorous weekly magazine Punch among other publications – was wholly UK-based and 90 per cent of its profits came from newspapers.

He promptly set about acquring companies in the U.S., a country he likes, partly because it is the "biggest economy in the world." In 1983, United bought for $44m Gralla Publications, based in New York, which published 15 husiness and trade magazines. Another acquisition was Mediawire Corporation, a public relations wire service with offices in Philadelphia and Pittsburg.

By last year, the UK operation – which has had its reliance on newspapers for profits drastically reduced while its other interests in magazines, newsagent shops and printing have been developed – accounted for only about 4 per cent of total profits. The rest came from the U.S.

This week, however, Mr Stevens took the City of London by surprise by announcing that United Newspapers was buying a 15.76 per cent stake in the UK company Fleet Holdings from Mr Robert Maxwell's Pergamon Press. Speculation about United launching an all-out takeover hid for Fleet is now rife. Fleet is the publisher of the Daily Express a mass circulation right-wing newspaper, the Sunday Express, and the Daily Star, a popular tabloid newspaper.

Mr Maxwell, who had no further need of Fleet after his purchase of Mirror Group Newspapers last year made him a fully-fledged press baron, is believed to have approached Mr Stevens chiefly because he admired him. Earlier in the week, Mr Maxwell described United Newspapers as being "brilliantly led."

Mr Stevens returns the compliment, saying that he admires Mr Maxwell as a tough, intelligent and honourable man. Yet the two have little in common. Mr Stevens, described by one colleague as "e very precise man," bas none of Mr Maxwell's flamboyance and, indeed, looks slightly horrified at the suggestion that he too might banker after becoming a press baron.

"The answer to that is no," he says. "I've always liked the City."

The word "profits" figures frequently in his conversation. After only a brief discussion, it becomes clear that – with the exception of Mr Maxwell who is also good at making money – Mr Stevens has little time for people who want to run newspapers purely for the glory or the fun of it.

He came to newspapers comparatively late in his career. Even now, he says he only spends one day a week working full-time on United's business. His career has been almost entirely in investment management. Mr Stevens is a very fast talker – in a precise way – and be rattles off his own background. After Stowe School, he reed economics at Sidney Sussex, Cambridge. A brief period followed as a management trainee at an electronics company, and then he took a job as an assistant to the bead investment director at what was to become Hill Samuel.

Today, on the four days a week when he is not concentrating on United Newspapers, he runs the investment division of Samuel Montagu. He points out that it has £3bn under investment management.

It was his career as an investment manager that brought him into contact with United Newspapers. "We had a stake of about 10 per cent in it and I went on the board as a non-executive director in 1974," he says.

After he became chairman, and at the same time as he was acquiring the U.S. companies, he set about "rationalising" United's traditional newspaper businesses. Late last year, be instigated United's purchase of the Link House publishing group for £82.3m. "I know how to raise capital, how to do deals and how to find deals," he explains. "Newspapers are a very difficult industry. So you say, right, we're going to expand as a publishing company." The purchase of Link House is expected to bring the UK/U.S. balance on profits to roughly 50/50 this year.

Mr Stevens has engineered United's turnround partly by making some radical changes in management style – but not in management personnel.

"We haven't had to put people into our U.S. companies because we've bought businesses with fine managements," he observes. "In the UK, some older people have retired and we have younger ones running some of our operations. But the main thing we've done is to promote from within and to move people around."

He points out that he came to United at a fortunate time, when the UK stock market was set to move up, which made acquisitions easier and when the U.S. recession made American businesses comparatively cheap. He also notes that new managements can often achieve things their predecessors could not – purely because they are new and fresh.

He adds that the fact that "I'm so dynamic" should also be taken into consideration. (One colleague noted that he had a "very dry sense of humour and people don't always know when he's joking – which can be very useful.")

Mr Stevens says the decision to buy Mr Maxwell's interest in Fleet – which gives United a total stake of 18.25 per cent – required a lot of thought, at least by his standards.

"For me it wasn't a quick decision," he says. "I had 10 days – but you have to remember that I'm taking decisions on buying and selling shares every day of the week. I'd always thought that that stake would one day be for sale. What was not so convenient was the timing because we had just bought Link. But it didn't take a genius to work out the effect on our earnings and how to pay for it."

For the future, he is determined to expand United's magazine operation – but mainly by "picking up small magazines that will bolt on." He says he is not planning any more large takeovers.

VAT 'could endanger newspaper jobs'

BY SUE CAMERON

THE NEWSPAPER SOCIETY which represents provincial newspaper publishers, said yesterday that more than 100 titles and as many as 7,000 jobs could be lost if the Government were to impose 15 per cent Value Added Tax on cover prices and advertisements. But it thought that strong newspapers would survive.

Its predictions are based on an independent report by Price Waterhouse, the accountancy and management consultancy firm. The report was commissioned by the Newspaper Society after speculation that the Government might put 15 per cent VAT on newspaper cover prices and advertisements in its budget this year.

The report's conclusions are based on a study of 14 newspaper publishing companies. Price Waterhouse admits that "it is necessary to be cautious in extending the results to the industry as a whole."

But the report says that the total number of jobs that might be lost in the 14 companies studied was of the order of 800 to 900 or 12 to 13 per cent. It adds that across the industry this would "imply" an overall loss of 6,000 to 7,000 jobs

It also estimates that about 90 to 100 weekly titles out of the current total of 950 in the UK might close and perhaps 12 or 13 regional daily papers out of the present 94. But the report states that these figures take no account of the larger number of paid-for local papers that might be converted into freesheets if 15 per cent VAT were imposed.

The report stresses that VAT on newspapers would be "a strong disincentive to investment in the provincial press." It warns: "Owners, whether local proprietors or national groups, are unlikely to be willing to invest funds in a business which would have a reduced market, low profit margins and a weakened competitive position vis-a-vis rival media."

Payphone improvements will cost BT £160m

BY JASON CRISP

BRITISH TELECOM (BT) is to spend £160m modernising its loss-making and widely criticised public payphone service. It hopes new types of kiosk, new telphones and services will result in a profit by the end of the decade.

In the last financial year BT lost £50m on revenues of £102m from its 76,500 payphones. Vandalism, overfull coin boxes, and mechanical failures have resulted in many telephones not working and also led to high maintenance costs. The appalling state of many kiosks and the lack of working telephones has also resulted in low revenues.

Announcing the modernisation programme yesterday Mr Iain Vallance, managing director of BT's largest division, Local Communications Services, said: "It is the most public part of the telephone service and it is the one we are least proud of."

BT has opted for a U.S. style of kiosk without a door which it says is easier to use and to maintain, is more attractive and less vulnerable to vandalism. The traditional red telephone kiosk with a very heavy door – which is unpopular with the elderly and disabled – is to be phased out in most areas.

Mr Vallance said he expected the commercial performance of the payphone business would be improved by lower maintenance costs and higher revenues, a result of better usage and the recent sharp price increases. BT has 10,000 payphones with revenues of less than £185 which could be closed under the terms of its licence. However, it said there would be only a small reduction in the number of payphones.

BT is to spend £35m on the booths over the next 10 years. The first 330 are being imported from the U.S. and the rest are to be made in the UK. BT has just placed an order worth about £3m for the first year's requirements of 3,500 kiosks from GKN Sankey, the car industry supplier.

Plessey has won orders worth £60m for telephone equipment out of the total planned expenditure of £125m. Other companies winning orders include Aeronautical and General Instrument recently taken over by the Swiss company Landis and Gyr, and Urmet Sud of Italy.

Plessey is supplying the new version of the push-button "Blue payphone" and by the end of next year BT expects to have replaced all the existing dial payphones. The new models accept coins ranging from 2p to £1 in a single slot – although the minimum charge went up to 10p in November when prices rose by up to 100 per cent.

BT is also to increase the number of telephones which accept a special card from 1,000 to 8,000. The pre-paid cards carry a number of credits which are reduced as it is used. The cardphones are particularly attractive to BT as there is no cash box for vandals to rob.

BT has started a trial at Heathrow airport near London and London's Waterloo station with telephones which accept Access, Visa and American Express credit cards. The phone "reads" the magnetic strip on the back of the card and the minimum charge will he 50p.

GM cars' UK content considered too low

THE UK content of cars sold in Britain by Vauxhall-Opel, the subsidiary of General Motors of the U.S. has fallen so low that it was open to question whether the company's models deserved to be called British, a leading motor industry observer claimed yesterday.

Professor Dan Jones maintained that other aspects of GM's recent behaviour were also of serious concern to Britain. GM, he claimed had been using some of its record profits in the U.S. to buy market share in Europe – particularly in the UK, where it was embroiled in a battle with Ford. Austin Rover, the volume car subsidiary of state-owned BL, was "caught in the cross-fire."

Austin Rover's dilemma was that it had to show a trading profit to please the Government, when it would be better for the company to spend whatever was necessary to push up its car sales volume and "see off GM."

Prof Jones insisted: "Only by demonstrating that it can improve market share and by penetrating the fleets will Austin Rover be able to eliminate the residual negative feelings about the company in Britain."

He suggested that if Austin Rover could achieve a 22 per cent market share in Britain and export 70,000 cars a year, an extra 38,000 jobs would be created in the UK.

Prof Jones, senior research fellow at the science policy research unit at the University of Sussex, and one of the co-authors of the recent "Future of the automobile" study by the Massachusetts Institute of Technology, said that the UK content of the cars GM sold in Britain had fallen from 89 per cent in 1973 to only 26 per cent in 1983.

□ WOOLWICH Equitable Building Society is to buy computer software worth £1.25m from Hogan Systems, a U.S.-based software house, to improve its competitiveness in the new, deregulated UK financial market.

It is also to spend £4m on new hardware. It already owns a mixture of IBM and IBM compatible equipment, chiefly Amdahl and Memorex, and the new money will be spent on upgrading its large IBM 3083E mainframe computer to 3083J standards.

□ BUILDING SOCIETIES may soon be able to sell shares over their counters, according to Mr Nigel Lawson, the Chancellor of the Exchequer. He said the Government would consider giving the societies this power in legislation to be introduced later this parliament.

□ BRITAIN'S recent agreement with China over the future of Hong Kong had given a major boost to the chances of UK industry winning business in the development of China's oil and gas reserves, Dr Ken Forrest, head of the China department in the Government's Offshore Supplies Office said, at an oil conference.

The Hong Kong agreement was "the most important single factor" in Britain's efforts to win oil contracts in China, but it was underpinned by the fact that Chinese conditions offshore were very similar to those of the North Sea.

□ WORKERS at Hoover's Merthyr Tydfil washing machine plant in South Wales, are threatening a 24-hour strike next week to coincide with a planned visit by the Prince and Princess of Wales.

The threatened stoppage is in protest at the company's refusal to improve upon a 5 per cent pay offer. The royal couple are visiting the plant to see the new Sinclair electric vehicle, launched last week, which is being assembled by Hoover under sub-contract.

□ FOUR-MONTH freeze on payments of regional development grants was announced by the Government. Mr Norman Tebbit, Trade and Industry Secretary, said the move was aimed at eliminating a £100m spending 'bulge' and that grants would be delayed rather than lost.

Labour MPs denounced the decision, claiming that it would add to the costs of companies expecting grant payments.

RAIL STRIKE CAUSES DISRUPTION

Third coalfield set to break with pit union

BY OUR LABOUR STAFF

ANOTHER AREA of the National Union of Mineworkers (NUM) is set to join Nottinghamshire and South Derbyshire in moves to separate themselves from control by the NUM national leadership.

The new coalfield is Leicestershire in the English Midlands, where three of the area's four pits have voted for a rule change which would mean that the national executive's decisions are no longer binding on the area. The fourth Leicestershire pit is expected to follow suit this weekend.

The latest moves towards autonomy, and possibly an independent union, in the moderate coalfields came as craftsmen at Didcot power station in Berkshire, one of the country's biggest, voted to handle coal which they have boycotted since the autumn.

This decision by the Didcot workers could cancel out the effects of any decision by Yorkshire power station workers to embargo deliveries of oil needed to start up the county's stations, at present used only for peak demand. The Yorkshire men will meet next week to consider a personal plea by Mr Arthur Scargill, the NUM president, not to accept the oil.

A 24-hour rail strike yesterday, called by the two manual rail unions because of alleged harassment of their members for refusing to move coal trains in support of the miners, caused widespread disruption.

The selective strike, by about 5,000 railmen, disrupted services on British Rail's eastern and southern regions. The action on the southern region, by 200 drivers at Waterloo, was unofficial.

British Rail said last night it was considering legal action to recover revenue lost because of the strike. It has threatened action under the 1984 Trade Union Act which removes civil immunity for strikes called without a secret ballot.

BR said it would estimate how much revenue had been lost before deciding to take legal action. "It will be some days yet before any decision is made."

Mr Scargill and Mr Mick McGahey, the NUM vice-president, were reported to have met with Mr Jimmy Knapp, general secretary of the National Union of Railwaymen, on Tuesday before the strike took place. But Mr Knapp yesterday denied a claim by Mr John Selwyn Gummer, the Conservative Party chairman, that the strike was being used for political purposes.

Mr Arthur Scargill

The railmen's supportive action came as the National Coal Board claimed thet another 255 miners had abandoned the pit strike, which the board said was the highest Thursday total this year and brought the return to work this week to 2,580.

Mr Scargill yesterday again claimed that 140,000 NUM members were still on strike. Speaking to miners in the North-east of England, be said: "It is a question of keeping our nerve and determination."

Significantly, be did not claim as usual that victory would be theirs. Instead, be said that when miners returned to work, they would "walk back together in the knowledge that you fought not only as hard as anyone could, but more besides."

He asked, with some bitterness, "why is it that the British TUC (Trades Union Congress) and trade union movement has not yet decided they will also take industrial action in support of the miners."

Opinion, however, in the three main "dissident" coalfields appears to be hardening against Mr Scargill and the NUM leadership.

In Nottinghamshire, the main working coalfield, some 300 delegates from the country's 30,000 mineworkers yesterday reaffirmed their decision to amend the area's rules to give it effective autonomy from the national union.

Mr Roy Lynk, the acting general secretary, said after the meeting: "They expressed their united determination to go on. There is no chance of any compromise as far as we are concerned. Either Scargill gets rid of rule 51 (the recently-adopted rule which gives the NUM leadership wide diciplinary powers) or we stay as we are."

Mr Lynk confirmed that Mr Henry Richardson, formerly general secretary, had been dismissed from his post

Mercury may consider cable-duct investment

BY RAYMOND SNODDY

MERCURY Communications, the Cable and Wireless subsidiary, may be considering a more active investment role in cable television.

Mr Howard Kleyn, planning and marketing director of Mercury, suggested yesterday that Mercury's emphasis was shifting towards sharing costs of laying cable ducting – the most expensive part of the whole project – with the cable operator.

Mr Kleyn told a conference on cabling the City of London, organised by Deloitte, Haskins & Sells, the accountancy firm that: "Since both the franchisee and ourselves have an interest in ducting an urban area, it is reasonable to think about sharing the cost of constructing the ducts, perhaps in the proportions of the areas to be covered."

In the past Mercury, the only licensed competitor to British Telecom on network services, has avoided direct investment in cable. The company planned to offer "distributorships" to cable operators allowing them to offer local telephone services.

Mr Kleyn said yesterday Mercury was being forced to think again about such a policy. There was a danger that many cable operators would be primarily interested in cabling residential areas, whereas Mercury was more interested in the business and commercial areas.

Mercury, it became clear yesterday, has agreed in principle to pay £3.5m for London Hydraulic Power, which has a 184-mile network of unused piping under London.

The company, which since Victorian times bad pumped weter under pressure to power everything from hydraulic cranes to the revolving stage at the Palladium theatre, was bought in 1981 by a consortium led by N. M. Rothschild, the merchant bankers.

Mercury would like to use the pipes to provide a fibre-optic cable network for the City.

"Such a system in the City would, if it goes ahead, be the first fully optical-fibre cable network in any business centre in the UK," Mr Kleyn said.

The plan would be to offer a full range of voice, image and data services over the same line in competition with British Telecom.

Digital reopens software battle

BY ALAN CANE

THE BATTLE for supremacy in personal computer operating systems, the software programs which control the inner workings of personal computers and therefore the kind of tasks to which they can be put, has broken out afresh.

Digital Research, a leading software house which was the clear leader in operating systems for the first personal computers, will today reveal details of a product it expects to release by June this year which could profoundly influence the development of the professional personal computer industry.

Speaking at a seminar held in London jointly with Intel, the microelectronics giant, Mr John Rowley, chairman of Digital Research, will disclose that the company intends to launch an advanced operating system for computers based on Intel's most powerful commercial microprocessor, the 80286.

The most important personal computer of this kind is IBM's PC/AT, launched in the U.S. late last year and regarded as a technology leader by the industry.

The operating systems available for the PC/AT, however, are not thought to make full use of the power built into the 80286 chip. Microsoft of the U.S. took over from Digital Research as operating system leader when IBM chose it for its first PC; the chief PC/AT operating system is a development of this.

Digital Research's new operating system exploits the clever design features of the chip to enable several programs to be run on the machine at the same time and several users to work simultaneously in a network of personal computers. The new operating system, Concurrent DOS 286, is compatible with all existing software written to run under the PC/AT's existing operating system.

The new operating system will also incorporate special software which Digital wrote to make it possible for IBM-PC and lookalike machines to behave as if they were Apple Macintoshes.

Personal computing today falls into two camps, the conventional IBM approach and the Apple approach using pictures on the screen and a pointing device, the mouse, to make the computer easier to use.

An IBM PC/XT running Concurrent DOS 286 would look initially as if it was an Apple Macintosh, but a few key depressions would make it behave like an orthodox PC.

The chief significance of the new operating system is that it will allow systems developers to cater for any machine based on the Intel 286 and chips that Intel may develop in the same family.

IBM has not yet indicated whether it wishes to license the Digital Research product for the PC/AT although it owns some 18 per cent of Intel. ICL and Acorn in the UK have already taken out Concurrent DOS 286 licences.

Pit protest halts House of Commons

BY JOHN HUNT

CONCERTED PROTESTS by left-wing Labour MPs aimed at forcing the Government to provide time to debate the miners' strike caused suspension of proceedings yesterday in the House of Commons. The Speaker, Mr Bernard Weatherill, who chairs the business of the House, called a halt and suspended the sitting for 20 minutes.

With Mr Tony Benn the leading left-wing MP playing a leading role, the 16 or so protesters openly defied the Speaker's repeated calls on them to abandon their "organised operation" which was clearly designed to disrupt the democratic procedures of the House.

But their persistent defiance of the chair over a period of nearly half an hour as one after another they stood up, under the guise of bogus points of order, to demand that the Government should stage a debate on the miners' strike eventually forced the suspension.

While making clear their determination to prevent the Commons functioning, for at least a time, on a "business as usual" basis, the MPs showed a measure of restraint and there were none of the wild scenes which marked the last demonstration over the miners' strike in November, when left wingers occupied the floor in front of the Mace and the Speaker adjourned the House "in grave disorder."

MR NEIL KINNOCK the Labour leader last night **read the riot act to his left wing at a meeting of the parliamentary Labour party over their demonstration. He told them "My God, Maggie Thatcher can do with an attack like that every day of the week.**

Not only does it give the impression of utter indiscipline, it is utterly self-indulgent.

"There is nothing I can do to prevent you but I beg of you to understand – as you look at the coalfields, as you look at tomorrow's papers, the effect of what you are doing."

Evidence that the Labour whips (responsible for party discipline) had been active in the interval to defuse the situation materialised when the House resumed. Mr Benn immediately stood up to clearly signal that it was not intended to continue the demonstration.

He said: "I give notice that a substantial number of MPs on this side of the House are determined to secure a debate on the miners' dispute in government time next week."

Mr Benn's clear indication that he was doing no more than announce a suspension of hostilities was cheered by bis left-wing colleagues and greeted with derisory laughter from the Government benches.

Mr Eric Heffer (Labour) who had earlier made an unsuccessful attempt to persuade the Speaker to grant an emergency debate on the miners' dispute, warned: "You will be laughing on the other side of your faces next week." Mr Dennis Skinner (Labour) added: "You ain't seen nothing yet."

The opening demands that the Government should provide time for a debate on the miners' strike were made in an orderly manner during routine exchanges about next week's business, which includes a day when the issues for debate have been chosen by Mr Neil Kinnock, the Labour leader, and his Shadow Cabinet colleagues.

Their failure to opt for a debate on the miners' strike (they have given first choice to a discussion on the closure of post offices) was quickly underlined by Mr John Biffen, the Leader of the House.

He further infuriated Labour left wingers by denying their charges that the Government was responsible for the miners' strike and insisting that if there was any justification for using the term "guilty men," it should be applied to Mr Arthur Scargill.

The terms on which Mr Benn suspended hostilities could result in more embarrassment for Mr Kinnock and his colleagues than for the Government.

Mr Kinnock has made no secret of his view that there is nothing to be gained either for the Labour Party or for the NUM in holding a full scale debate on the miners' dispute.

His task now is to convince Mr Scargill's more active supporters on the Labour backbenches that the display of a badge of impotence is unlikely to be mistaken for a virility symbol.

In spite of this official indifference Mr Dale Campbell-Savours (Labour) said he thought MPs had experienced "parliament at its best."

ICL jobs go in reshaping plan

BY GUY DE JONQUIERES

ICL, the British computer maker taken over by Standard Telephones and Cables last year, plans to shed 950 jobs in a streamlining of its manufacturing operations in Britain and the U.S.

Of the total, 650 jobs are due to go at three UK plants. ICL also plans to close its U.S. factory in Utica, New York, which employs 300 people.

ICL said it hoped to achieve some cuts through natural wastage but that redundancies were unavoidable. The planned job losses were linked to major investments in more efficient manufacturing techniques and were essential to keep the company competitive.

ICL, which is discussing the plans with its unions, said the proposed reductions met its "identified staff levels" for this year. Sir Michael Edwardes, its former chairman, warned nine months ago that job losses were inevitable unless turnover rose sharply.

The company's worldwide staff bas already fallen from a peak of 34,000 in 1979 to 22,000, largely as a result of measures taken during its financial crisis four years ago. It employs 15,500 people in Britain, about 4,000 of them in manufacturing.

The heaviest reductions will be at Letchworth, north of London, where 470 job losses are planned. The factory makes ICL's high-volume products, including the DRS small computer system and the recently launched "One Per Desk" terminal developed with Sinclair Research.

The other job losses are split about equally between the plant at Kidsgrove, central England, which makes printed circuit boards, and the one at Ashton-under-Lyne, near Manchester, which makes large computers. Production of small System 25 computers and low-cost magnetic tape units will be moved to these two plants from Letchworth.

U.S. production of small computers will be transferred to Britain, although ICL plans to keep its modest American development centre and its marketing and customer support staff.

ICL is expected later this year to launch two larger computers, developed in collaboration with Fujitsu of Japan.

IBM results, page 19

Nimrod aircraft delays hamper RAF's plans

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE RAF is likely to have to order a complete refit of its five ageing Shackleton aircraft to help to fill a gap in Britain's air defences caused by serious delays in bringing the new Nimrod early warning aircraft into service.

The delay in the Nimrod programme, which is to be the subject of a new inquiry by the House of Commons defence select committee, is resulting in disruptions to the plans to improve Britain's – and also Nato's – air defences.

Air Chief Marshal Sir David Craig, the Nato commander-in-chief of UK Air Forces and UK Strike Command, confirmed yesterday that the problems centred on the radar, which is being built by Marconi Avionics to be fitted into the airframe manufactured by British Aerospace.

Costs of the programme are thought to have escalated from an estimated £300m in 1976 to more than £1bn, although some of the rise is accounted for by inflation.

Sir David expressed confidence that the radar would eventually out perform that in the U.S.-built Awacs early warning aircraft – which Britain decided not to order in 1976 because it was then thought Nimrod would be in service more quickly. But he confirmed that it could well be a further two years before the first of the 11 Nimrods would be in service with the RAF.

TECHNOLOGY

EDITED BY ALAN CANE

MODERNISATION AT THE ROYAL ORDNANCE

How to finish off arms

BY GEOFFREY CHARLISH

ROYAL ORDNANCE plc, until recently the Royal Ordnance Factories, bas spent £5m at the small arms division in Enfield, North East London, to build a new metal finishing shop which is one of the most up to date and environmentally acceptable in Europe.

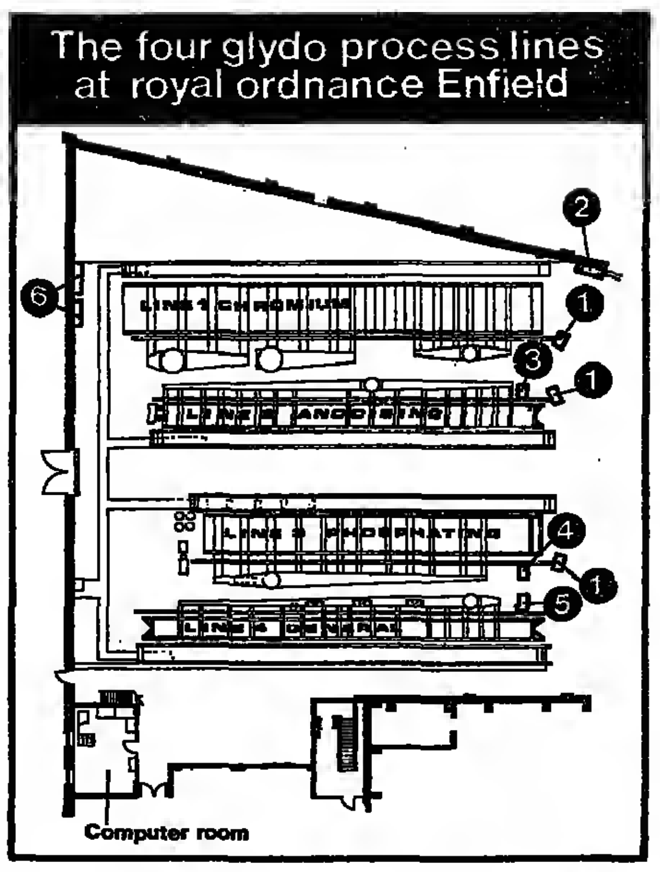
The development is part of a modernisation programme now underway at Enfield, where the recently announced SA 80 automatic rifle for the British Army is being made together with other weapons like the Aden gun for the Royal Air Force Harrier aircraft.

The days have gone of men in rubber aprons pulling racks of components in and out of fume-laden plating vats, the floors covered in unpleasant fluids and the staff walking about on duck-boards. Instead, the operators sit at visual display terminals and the floor is spotless.

At Enfield, plant put in by Electroloid of Aylesbury employs Glydo overhead transporters to automatically insert and remove "flightbars" loaded with components to be plated. On each of the four plating systems, two flightbars move back and forth over a 10ft wide line of some 20 plating baths.

They move work from tank to tank according to schedules compiled and controlled by a Hewlett Packard HP1000 minicomputer and over 2.5 man-years of software developed by REML Control Systems of Glenrothes.

The days have gone of men in rubber aprons pulling racks of components in and out of fume-laden plating vats



Legend: 1 Compnter terminal VDU; 2, 3, 4, 5, control panels; 6 compnter

Electroloid belleves the project, for which it was awarded contracts worth £2.3m, is the largest of its kind to be undertaken on a turnkey basis in the UK. The four lines permit hard chromium plating, anodising, phospbating and miscellaneous processing (copper, tin-lead, chromium) — all to defence specifications. As main contractor the company was also responsible for sub-contracting the automation, work jigs, flooring, effluent treatment, refrigeration, air extraction and chemical replenishment systems.

Each of the lines is equipped with an HP 3090A monochrome computer/terminal which is connected on the plant side to the program logic controllers that determine plant activity and on the control and monitoring side to the main HP 1000 machine, with colour terminal, in the control room.

The system controls and monitors virtually all aspects of the processes, including the transporter timings and sequences, process electric currents and voltages, tank temperatures, alarms, power and water consumption, chemical dosing pumps, process heating, air flows and similar quantities.

Via the plant-mounted terminals, the operator can call up processing specifications from computer memory. On the screen he can then see bow to record loading of the flightbars, set currents where necessary, examine sensor readings and correct errors when they are displayed.

In the control room, managerial staff can "home in" on the activities on any of the lines or other plant and can see historical plots of plant behaviour. Numerical data appears on the screen in green if tb situation is normal, yellow to give advice and red for immediate action when something has gone out of limits. Production flow can also be planned on the screen and managers can analyse consumption, plant utilisation and downtime.

Royal Ordnance is currently producing four weapons at Enfield, each of whicb involves 150 or so parts, all of wbich have to be protected by metal finishing for use in almost any environment. The parts are produced in a worksbop that covers almost three acres.

Throughput is not revealed, but the director at Enfield, Mr D. J. Morris expects the finishing plant to hsve some spare capscity and to undertake external contract work.

Banking

Electronic funds transfer

A COUPLE of years ago BACS, the Bankers' Automated Clearing Service, made it easier for some of its customers to use its electronic funds transfer service — at least in theory.

It made it possible for them to transmit their data to its compuers over telephone lines, a network service it called BACSTEL.

Conventionally BACS' customers deliver their data and instructions as reels of magnetic tape which can be read by the BACS computers—new tapes are created containing the customers' insructions and distributed to the banks.

Now there are some 16,000 BACS users; for many of them, based outside London and the Home Counties, BACSTEL is an efficient and cost-saving way of transmitting their information. One study indicates that conversion to BACSTEL for a customer sited about two bours from London and submitting weekly tapes via a courier service could save £12,000 a year.

But conversion is not all that straightforward. Cyril Bloch was the consultant wbo produced the BACSTEL functional specification for BACS and be quickly identified that wbat was needed was a "black box" to connect a user's computer quickly and simply to the telephone line and which would format the information in such a way tbat it could be accepted by the BACS computer.

BACS decided it was in the business of selling EFT services rather than black boxes, so with BACS co-operation, Mr Bloch has built the box himself.

Called "Bacway" and manufactured for Mr Bloch's company, Telesmart, by Casu Electronics, it is a 6800 based single board computer featuring protocol compatibility, and record level recovery.

The user needs a Bacway box (£3,000) a program for generating BACS files (£850) and a modem (£500), a total of £4,350.

Mr Bloch believes that BACSTEL customers bave to find between £5,000 and £10,000 to connect up using conventional methods—protocol convertors and custom-written software—and that testing connection to the network is rigorous and time consuming. Bacway users, he says, complete the BACSTEL tests in a matter of hours. More on 01-455 4578.

Staging post on the way to the multifunction workstation

Professional Personal Computing

ALAN CANE REVIEWS THE DISPLAYPHONE

THE NORTHERN TELECOM Displayphone is a staging post on the way from conventional voice telepbony to the multi-function workstation.

It combines in one instrument a sophisticated microprocessor based telepbone and a dsta terminal. It makes it possible to send and receive verbal and written communications electronically at one's esk—but it is not a personal computer.

The Displayphone is of special interest, however, because it was the first device of its type to be launched commercially and because there is a perfectly good argument that this kind of product does everything that an executive, particularly a senior executive, wsnts of a desk-top device.

First, details of the machine itself. It is a comparatively neat unit about 38 cm deep by 28 cm broad and standing 21 cm high. It features a small cathode ray tube display some 15 cms sq and a "soft touch" keyboard—membrane switches mounted in a plastics face plate.

The handset, rest and switch hook are located to the left of the screen and a loudspeaker and volume control sre mounted behind that.

One of the nicest features of the unit is s full alphanumeric keyboard with regular typewriter keys fitted in a sliding tray beneath the soft touch panel.

The screen is blank when the terminal is not in use. If any key is depresaed, the date, time and a flashing cursor appear together with information about the kind of service associated with that key.

Press "Directory," for example, snd an index to the way telephone numbers ara stored in the terminal appesrs.

Any of these numbers can be dialled with no more than threa key strokes. The first to display the right section — "contacts," for example — the second to select the person to be called, the third to select a line and initiate the call.

The Displayphone can accept data input snd voice input at the same time but only through separate telephone lines. This is another indication of its intermediate nature. When the telephone network is digital from end to end, a singla line from the handset will be all that is required to handle both voice and data.

For now, however, separate snalogue lines are needed to bring voice and data to tha Displayphone simultaneously, although they can be accessed one at a time using a singla exchange line.

As a telephone, the Displsyphone bas all the sophisticated features associated with modern digital instruments. In addition to the directory facility it will automatically repeat the last number dialled, put a call on hold automatically or manually, make it possible to dial a number and check its accuracy before selecting an exchange line snd time calls in progress.

It has a built-in loudspeaking or "hands free" feature. The microphona and loudspeaker operate automatically when a call is accepted (by pressing a line button) and are switched off when the handset is lifted. There is a mute switch which turns off the microphone in the "hsnds free" mode so that you can bave a private conversation with people in the aame room without the person at the other end of the line overhearing.

Most of these features are available on other advanced telephones. The Displaypbone come into its own as a data terminal. We have frequently, on this page, complained about the difficulty of getting into Telecom Gold using s microcomputer — portable or not — and an acoustic coupler, the gadget which translates computer language into telephone talk and vice versa.

The Displyaphone makes it ridiculously casy. One key displays the directory. I have a section lsbelled "Databases" and within that aection there is the electronic mail system Telecom Gold and Prestel.

One key selects Telecom Gold, and from then on it is automatic. The terminal dials the local computer, signs on with my user identity, and adds my password (not displayed on the screen).

Northern Telecom has added some special software to my system which takes it immediately into mail mode and then programs the "soft" keys on the keyboard for the principal Telecom Gold commands, send, read, scan or quit. "Soft" keys are undesignated keys which are given a function under program control; their designation appears above them on the video screen.

Getting into Prestel is just as easy; tha system can be programmed to handle all tha inputting of identities and passwords.

The slide-out keyboard can be used for creating messages to be despatched by the mail service (my Displayphone is connected to Gold, but it could be attached to any of the recognised electronic mail services).

Other features include a service which enables the user to store reminder messages for up to 11 months; the services key flashes and a message appears on the screen at the appropriate time.

The Displayphone costs around £1,200 and takes up two exchange lines. Is it worth it? That depends on the use you make of it. An executive with no use for electronic mail, viewdata or information from a remote computer would be better off with a conventional telephone. But if an organisation makes heavy use of electronic services, then a combined data and voice phone could be the answer.

Northern Telecom is not the only supplier of such telephones by now, of course; other systems are provided by STC and Plessey among others.

A few complaints; I disliked the feel of the soft keyboard; and aach key depression generates an acknowledging "bleep" with tha excaption of the first, which can be disorientating.

An outside call generates the words "Excuse me, you gave an incoming call" on the screen which is both pretentious and irritating—on about the sama level as compnter systems which flash "Good Morning" on tha screen on start-up.

Otherwise, the system seems well designed and simple to use. I especially liked the ability to talk to a correspondent while viewing a document on tha screen at the same time.

The chief question is whether users will prefer this kind of product to tha multifunction workstation best represented at the moment by ICL's One-per-Desk. In the longer term, as software improves, the balance must tip towards the multi-functional device. In tha meantima there is a lot to be sald for a dedicated communications unit.

Storage

3M joins rigid disk club

3M HAS decided to opt for the 3.5in format floppy disc format pioneered by Sony. This is the magnetic disc encased in a rigid shell now forecast to take about 25 per cent of the market over the next five years.

The company has launched a disc capable of storing 500 kbytes of data which is roughly equivalent to 200 sheets of closely typed foolscap paper. A double sided disc with twice the capacity is expected soon.

Now more than 20 major computer manufacturers have adopted the rigid disk format including ACT, Apple, Honeywell, Hewlett Packard, Olivetti and all the Japanese MSX computer makers.

Communication

Offshore satellites

BRITISH TELECOM is to offer a satellite communications system to oil and gas production platforms. Called SatStream Offshore, the system will run via the European Communications Satellite, Eutelsat 1 F2.

It will provide all mainstream communications services such as national and international direct dialling for telephone and telex will the option for high capacity digital transmission such as is needed for computers.

The offshore oil industry has an existing communications network using a form of microwave called tropospheric scatter. This system extends the range of microwave beyond that of about 30 miles but has the disadvantage that the power of the signal is received is many times smaller than that transmitted.

British Telecom is building a new satellite earth station near Aberdeen to be ready for the service when it starts in June next year.

FINANCIAL TIMES SURVEY
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PROPERTY IN THE MIDLANDS

Optimism is re-emerging in the property markets of Britain's heartland. But recession and recovery have affected the two halves of the region in different ways.

The Kingfisher Shopping Centre in Redditch New town is being sold as part of the Government's policy of asset disposals. Commercial Union Assurance and Shell Pension Fund are paying £17m for the freehold. But the sale of the balance of its commercial property and land assets, making up the balance of a £40m valuation, has been unexpectedly blocked by the Department of the Environment. Other new towns have sold assets piecemeal but Redditch Development Corporation had agreed to a composite disposal to either the Harbison Group of the U.S. or a Tarmac consortium. The DoE now expects the assets to be transferred to the Commission for New Towns when the corporation is wound up.

On the move again

By Arthur Smith

THE MIDLANDS property market is on the move again. It may be tentative and developers remain ultra-cautious, but the mood has changad. Inquiries, even in tha troubled industrial sector, have continued on an upward trend.

There is mounting optimism that 1985, in spite of all the uncertainties, could be the year when some much-publicised property surpluses are soaked up and new development opportunities opened.

The picture is patchy and there is a distinct difference in business confidence between the "metal bashing" West Midlands and the more diversified East Midlands.

The latest survey by the Confederation of British Industry threw up a pattern in the east of a region that conformed with national trends: home and export orders are rising with no sign of a fall in demand in the near future.

But Mr Jim Cran, regional director in the West Midlands, reports a more muted view of output and prospects. "More than half the companies are still working below capacity. Every month it improves by a point or two, but progress is slow," he said.

Recovery is real, but from a low base. Estate agents do not need reminding that latest estimates of more than 20m sq ft of vacant industrial space—much of it unsuitable for further use—is nevertheless an improvement on a couple of years ago.

The regional jobless figure of 14.8 per cent, a couple of points above the national average of 12.7 per cent, masks the unemployment problem caused by a fundamental restructuring on an economy over-dependent upon the declining vehicle-assembly industry and its dependent trades.

Global statistics ignore inner city areas where numbers out of work rise to 40 per cent, and the large tracts of derelict industrial land in hard-hit areas like the Black Country.

The size of the problem was acknowledged in the recent government review of regional policy which gave assisted area status to much of the West Midlands. Tha change means that companies can seek selective assistance under Section 7 of the Industry Act and tha region can tap aid from the European Regional Development Fund.

Assistance

Parhaps the most dramatic example of potential help from the European Community is provided by Birmingham City Council, which is seeking up to 50 per cent of the funding for a planned £90m convention centre. The project, aimed at establishing Birmingham in the internatinnal convention business, is crucial to redevelopment of a key commercial sector of the city stretching from the central area to the prosperous district of Edgbaston.

The campaign fnr regional assistance was led by the business community—but with reluctance. The entrepreneurial success of the region over more than 200 years has hred a fierce independence, but the go-it-alone policy was jettisoned once it was realised the Government was not prepared to abandon regional incentives in other areas. The West Midlands wanted its ahare of whatever might be nn offar, and the chambers of commerce and CBI have lost nn time in urging members to exercise their rights. The Department of Trade and Industry reports an early flood nf applications for assistance.

The extent to which designation as an assisted area will attract investment has still to be quantified, according to Mr Ronnie Sampson, chief executive of the West Midlands Industrial Development Association—a private sector initiative to bring in new industry.

"We have certainly got a lot of problems in the pipeline," he said. "It is a question of translating them into certainties."

Uncertainties over what benefits will be available has delayed investment decisions and created a backlog.

The association, funded equally by the private sector, local authorities and the Department of Trade and Industry, is concentrating its marketing upon the mid-west states, in the U.S., the Far East and the industrial areas of southern Europe.

Property developers hope that regional assistance will not only attract newcomers but also encourage local companies to commit new investment, which could lead to relocation and demand for better premises.

In the East Midlands, regional aid has been shrugged off as almost irrelevant. Redrawing of houndaries has brought winners such as Uppingham, and losers like Skegness and Mablethorpe, but the areas are very limited. Nor is thera any fear the region will suffer because assistance is available in the west.

The economic upturn began in the second half of 1982, in tha East Midlands much sooner than in the west. Mr Ken Barnes, regional director of the CBI, reports that the recovery has been maintained and is expected to last well into 1985.

A limited stimulus to the property market in both parts of the Midlands has been the number of business start-ups and management buy-outs. The vitality of small businesses has offset some of the gloom caused by continued rationalisation of larger ones.

But in general the recovery in investment confidence has seen nearly all the new money going not to providing capacity and premises but to raising efficiency and productivity.

Ironically, under a Conservative Government committed to non-intervention, the public sector is playing an important role in creating projects. Local authorities across the region, not just Labour-controlled ones such as West Midlands County Council, are giving a lead in reclaiming land and smoothing the path for new development.

Urban development grants have proved an important catalyst. IMI, for example, is developing Holford, a 110-acre site for industry at its Birmingham headquarters close to the M6.

The Department of Environment, conscious of concern to maintain the Green Belt, can be expected to press for redevelopment of derelict urban sites. In the West Midlands in particular, the contraction of manufacturing has been so great that there are acres of surplus industrial land.

The DoE is likely to press local authorities and public bodies such as British Rail not to hold sites in the hope of achieving high development values. Instead it will urge that land should be released, perhaps at nominal prices, to stimulate new schemes and create the environment to attract investment and jobs.

Pressure on the Green Belt is illustrated by the West Midlands County Council recommendation that about 100 acres near the National Exhibition Centre should be allocated to attract high-technology industry.

Abolition

The issue has to be resolved but thare can be no mistaking the advantages the site would offer. It is close to the new Birmingham airport—one of Britain's first freeports—and the motorway network. The M42 is being extended and the go-ahead has been given for the M40 to link Birmingham with Oxford, which will boost property values in an area which is already a key growth point.

The planned abolition of tha county council in March 1986 also poses unresolved questions of what will happen to its considerable land and property holdings. Will industrial estates be handed over to district councils, or will they be sold?

Northampton and Peterborough, two other Midlands new towns are also winding down although Telford has a longer life planned. Recently granted assisted area status, it has enjoyed considerable success in commercial development since completion of the M54 motorway link and designation as an enterprise zone.

The enterprise zone concept, though it has come in for much criticism nationally, has done much to obviate short-term problems in the Midlands. Land has been taken up quickly in Telford, Wellingborough, Corby and Dudley zones.

The key problem for the Midlands — particularly the western sector—now that it is tagged as an assisted area is how to win favour with the institutions.

Mr Max Taylor, senior partner at agents Grimley and Son, rues "the polarisation of investment activity" and ascendancy of the South-east." The Midlands, given all its setbacks, has the entrepreneurial resources and strengths to offer exciting investment opportunities," he says.

West Midlands

Don (left) and Roy Richardson with a plan of the Dudley Enterprise Zone, where they have won a £1.3m grant towards a 275,000 sq ft industrial development.

INDUSTRY

Confidence raised by assisted area status

THE Government decision to give much of the West Midlands assisted area status has contributed to a growing mood of confidence in the industrial sector. Demand has picked up steadily over the past year with much of the impetus coming from service and distribution companies seeking new premises.

But there is still a long way to go for a market that a couple of years ago was awash with some 30m sq ft of industrial floor space—much of it outdated—and with little prospect of being brought back into use. Developers have taken advantage of those buildings suitable for sub-dividing and renovating. Some premises, because of the bargain prices, have tempted companies to become freeholders.

Indeed, agents Grimley and Son, report the freehold market is so bouyant that modern properties are in short supply and some 60 per cent more space was sold than let during 1984. The trend towards ownership is particularly apparent among well-established companies seeking units of more than 10,000 sq ft.

The main attraction of ownership is the control it gives over outgoings. There is evidence that some companies are taking on more space than they require in the short term to take advantage of depressed prices and avoid costs of future relocation.

In the letting market there is a trend towards shorter leases and break clauses. The traumas of recession have induced caution, and companies which have slimmed down to become efficient are reluctant to take on new commitments. The mood of uncertainty as the region stutters out of recession means that companies will be looking to landlords and developers to offer flexibility in the way premises can be used.

Against the troubled background of recent years, rents have not increased. But there are fewer gimmicky bargain offers around, such as free holidays in Spain. Nor has there been much new building, except for special circumstances with pre-lets, nursery units or those with enterprise zone status.

Rents for new accommodation on estates in prime locations are up to £2.75 a sq ft, with units of less than about 2,000 sq ft realising around £3. For older premises rents vary dramatically and in many cases it is a question of bargaining a price.

Such a climate is hardly likely to attract the institutions. On the few occasions they get involved in industrial property they require a pre-let to a top-flight company and an initial yield of at least 8 per cent.

Newcomers

Land values bave shown little movement—but great variations—in a region where hundreds of acres are never likely to be required again for industry. The range runs from perhaps £30,000 an acre for larger blocks in poor locations to about £100,000 for choice positions.

One hope that formed part of the government initiative to help the West Midlands was that English Estates might get involved and encourage a "flagship site"—a big development that would help attract newcomers to the region. Action is still awaited but government money available under urban development grants has been a key factor in getting two big projects underway.

Holford Developments, a subsidiary of IMI, is undertaking a 110-acre scheme at the site of the group headquarters in Birmingham, near the motorway network. Construction is progressing on 80,000 sq ft of space in the first 45-acre phase. The target is medium technology industry, and the accommodation offers about 20 per cent office space.

Richardson Developments has been awarded a £1.3m grant towards a scheme to provide 275,000 sq ft of speculative industrial buildings in the Dudley Enterprise Zone. The fact that some 650 acres in Dudley has been designated an enterprise zone has given a powerful stimulus to development. The main constraint on the pace of building and lettings is the need to prepare sites previously used for mining and heavy indsutry.

Important to attracting new indsutries has been the success of Warwick Science Park. According to Mr John Butcher, the unofficial Minister for the West Midlands, is well-placed to become a national focus for automated manufacturing technology.

Mr Butcher has been pressing the advantages of the region for such technology on the grounds that most potential users and suppliers are located around a corridor stretching from Telford in the north to Rugby in the south.

Westinghouse Electric, the U.S. electrical, industrial and broadcasting group, is taking a site at the science park for its European base to develop software for automated software. Also locating at the park is Computervision, the UK subsidiary of the U.S. supplier of computer-aided design, manufacturing and engineering equipment.

A. S.

RETAIL

Institutions keen to buy stakes

THE West Midlands might have been granted assisted area status, but there is no sign of suffering among the retailors. Agents report that despite the much publicised economic woes the market for shops has remained bouyant and prospects for the current year look good.

Perhaps the best pointer to the strength of the sector is the continued interest of institutions who have taken a far more critical view of industrial and commercial projects.

Agents Grimley and son report that institutions are prepared to pay prime yields for principal retail centres throughout the West Midlands. The case is cited of a Chelsea Girl unit in Dudley High Street where a yield of less than 4 per cent was paid. A similar yield was paid on a shop in Walsall, hardly one of the nation's glamour towns.

But the deal that has created most attention is the funding by Royal Life Insurance Development of a £55m schema to redevelop the Birmingham High Street store of the Greater Midlands Cooperative Society. Bryant Properties, which paid more than £25m for the site, will provide a gross area of 250,000 sq ft with shops on four floors grouped around a central mall.

The project establishes High Street as the prime area of Birmingham where rents are now more than £100 a sq ft. Investment demand remains steady for New Street, Corporation Street and Union Street, where rents ran from £70 a sq ft to £100.

The interest shown by the big retailers is taken as evidence that the West Midlands will enjoy a steady increase in rent and capital values for prime and good secondary property throughout the current year. House of Fraser has committed £5m to a refit of its Rackhams store, while Currys, Littlewoods and Boots have all undertaken improvements.

The Prudential has given a facelift to the Great Western Arcade which now provides an increasingly important pedestrian link between the central area and the Colmore Court office development.

Rents have been given a boost by the acquisition of further outlets in the West Midlands by the major retailers. In Birmingham, for example, both the Burton Group and Hepworths have opened new shops.

Enterprise

The West Midlands in common, with other parts of the country, faces pressure for out-of-town stores provided by the major food retailers and companies such as Marks & Spencer, B & Q and MFI.

One of the region's enterprise zones, Dudley, has thrown up an interesting development whereby MFI is providing a 160,000 sq ft first phase of a one-stop shopping centre. MFI will occupy only 40,000 sq ft with its furniture products, subletting the remaining area to other retailers, including Harris Queensway and B & Q.

The second phase of the centre will involve additional shopping space and a major food store to be followed by a leisure complex. The MFI project is seen as part of a trend whereby companies such as Burton and McDonalds take the lead in direct development for their own occupation.

The move towards out-of-town superstores continues apace, with a planning decision in favour of Tesco to build a big retail unit near Solihull and the M42 link.

Arthur Smith

Tarmac's 120,000 sq ft block in Victoria Square, Birmingham.

OFFICES

Unlet buildings depress market

EVERYONE agrees that one big letting could turn round the Birmingham office market. Rents have shrugged off recession and moved resolutely upwards, sometimes doubling, over the past five years. Developers have been active and there is plenty of interest in new schemes.

The factor depressing tha market is the 350,000 sq ft of unlet new accommodation, the bulk concentrated in just four blocks. There was something of a race to be ready first to catch the anticipated demand, but 12 months after completion much of the space is still available.

There can be no disguising the disappointment. The four blocks might not be in prime positions, but each was thought to have particular attractions. Perhaps the failure to attract single tenants in large blocks underlines once more Birmingham's inability to benefit from relocation from London or to serve as a significant centre for national headquarters. The second city with its good rail and road links seems almost too close to the capital to present an alternative. Indeed, the traditional pattern of specialisation between office centres in the region seems to dominate. The prime financial centre around St Philip's Square, in Birmingham, is favoured by the banks, insurance companies and business houses.

Edgbaston, the nearby plush suburb, has reasserted its pull because of better car parking, particularly for the growing number of computer firms and marketing organisations who need to cater for representatives on the road.

Biggest of the blocks overhanging the city centre is tha 120,000 sq ft development by Tarmac Properties which overlooks the town ball in Victoria Square. The asking price is around £7 a sq ft.

Berwick House, a 60,000 sq ft development by Ulster Properties in Great Charles Street, is gaining lettings as is tha 80,000 sq ft Civic House since the quest for a single tenant was abandoned. Embassy House is a 60,000 sq ft building at the junction of Cornwall Street and Church Street where the developers used a quick-build system in order to catch what was mistakenly thought to be a rising markat.

With so much good accommodation on the market rents will clearly lag. Prime sites might command up to £8.50 a square foot but deals can clearly be done in what remains a buyer's market.

Surplus

There might have been a dearth of big lettings but there has been a steady take-up of smaller units of between 1,500 and 5,000 sq ft. Bargains are to be had in the second-hand sector where space is often available in good locations at £2-£4 a square foot.

The need to digest the current surplus will undoubtedly inhibit new projects this year, but there is confidence that 1986 will bring a spate of new building activity in the belief that rents of £10 a square foot cannot be far away.

There will always be a premium for prime sites and the one where the asking price of £8.50 a square foot is thought to be realistic by agents is Colmore Court, a development by Viking Property of Derby, of the old Snow Hill station near the main financial quarter. Sun Alliance, which is backing the scheme, is taking 66,000 sq ft as its new regional office. Accountants Arthur Young McClelland Moores have agreed to rent another 40,000 sq ft. Work on another 77,000-sq ft block on the six-and-a-quarter acre site is likely to await an improvement in the market.

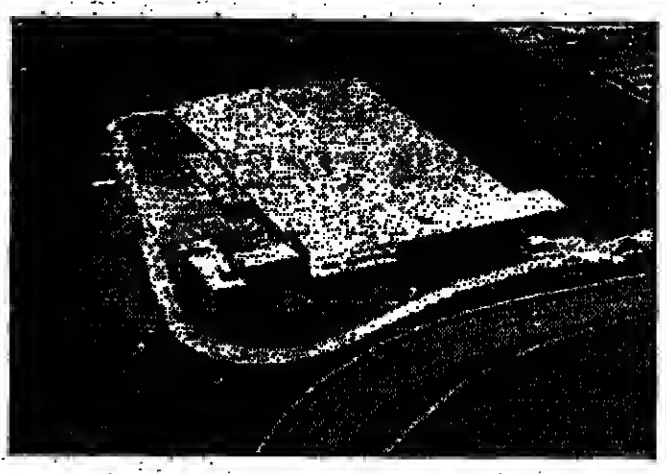
Plans by Birmingham City Council for a £120m convention centre would rejuvenate Broad Street, a much neglected road that links the central area to Edgbaston. Aid for the project is being sought from the European Community, but whether or not the ambitious scheme is realised developers are already going ahead with plans to provide self-contained office units of around 2,500 sq ft in Broad Street.

The move reflects a trend already apparent in Edgbaston towards developments which offer tenants their own front door and 24-hour access. Such accommodation attracts rents of between £5 and £7 a sq ft, according to specifications.

Solihull, given the restricted land for offices, retains its attractions. Rents, nudging the £7 a sq ft mark for units around 2,500 sq ft, are comparable with both Edgbaston and the city centre. Saddlers Court, a 10,000 sq ft refurbishment in the Conservation area, let quickly at around £6.25 a sq ft.

Developers and institutions are actively seeking new schemes. Prudential recently bought a site for a £5m scheme to provide 10 self-contained office units totalling 50,000 sq ft.

A. S.



Bostrom Europe sold its 225,000 sq ft headquarters in Northampton for £4.35m to Universities Superannuation Scheme on a yield above 10 per cent, taking a 25-year leaseback. This was a part of a £6m management buy-out from Signal.

OFFICES

Good returns hard to find

OFFICE SPACE in the East Midlands remains in moderate demand after a dull period in which there has been little development due to the inability of even the best space to generate good returns.

Tha pattern varies considerably. Northampton is one of the liveliest spots, dua partly to its proximity to Milton Keynes, where rents of as much as £9 e sq ft have been achieved.

Agents Wilson and Partners say there has been a steady rise in the amount of space let in the past three years. It is estimated that nearly 200,000 sq ft of good quality space is now available or under construction.

There have been several recent lettings at about £5.75 a sq ft, and developers are working oo the basis that at least £6 will be achieved nn future projects. Even at this level, margins are close, but agents believe there is potential for development and that the performance of Milton Keynes is an important indicator of what may be attained.

Backlog

Leicester, a city which has traditionally had an over-supply of office space since the boom years of the 1960s and 1970s, had until recently seen a much improved balance between supply and demand. But much of this space has come back onto the market. Some agents suggest that as much as 400,000 sq ft of space, much of it of indifferent quality, is now available.

With this kind of backlog and rents of only £1.25 to £3.00 a sq ft it is not surprising that any further development in the area is limited. However, with industrial activity in Leicester picking up, this situation could change.

Nottingham has a fair amount of offices space available, according to Mr Gordon Asher of agents Marriott Davidson. There has been an improvement in demand recently, particularly for smaller suites of offices.

"We have been getting a fairly steady stream of requests for offices of this kind and while there is not much new space to offer we have an increasing number of good con*versions and refurbishments,"* he said.

Smaller units are being let at £3.50 to £3.75 a sq ft, while larger, conventional offices are achieving £2.85 to £3.00. Agents are optimistic that rents will now begin to drift npwards.

There is little or no new office building in Nottingham, again due to the comparatively low rents and the amount of unoccupied space. Mr Asher said that some development proposals had been put forward but few were likely to go ahead immediately.

In Derby about £2 a sq ft is being sought for good offica space but only a limited amount is available apart from the Heritage Gate development, which has a number of suites left.

As in the West Midlands, contraction in the office property market bas been connected with the recession. Many manufacturing companies have reduced overheads by moving their offices to smaller premises or near to their factories.

They have been replaced to a limited extent by growing service industries, such as computer software houses, industrial consultants and professionals. However, these activities cannot expect to replace big operations such as company head offices.

Mnch of the office building which took place in the East Midlands in the 1960s and tha 1970s is beginning to look dated. Internal services are also limited compared with more modern premises.

These buildings will need refurbishment when rents reach the right point. If the business revival which started a few months ago continues this year, then that breakthrough point could be achieved.

Scope for new building, however, appears to be limited to smaller blocks, and perhaps larger projects in faster-growing areas such as Northampton.

For the time being, it appears to be a buyers "or occupiers" market and if rents are set to rise later in the year, it may be wise for companies seeking additional space to take it while the prices are right.

L.B.

INDUSTRY

Diversity helps blunt impact of recession

THE DIVERSITY of manufacturing industry in the East Midlands has lessened tho impact of recession, and in some areas there has been a slight but important improvement in industrial activity in recent months.

This has been reflected in the industrial property market. Agents also point out that many companies saw low rents as an opportunity to take more space or even purchase it as an investment.

Conditions vary considerably across tha region, although few centres appear to have tho large excesses of old industrial space wbich is a serious problem in parts of the West Midlands.

In the Northampton area, ono of the most active industrial centres, thore is about 1.2m sq ft of space availablo compared with ebout 1m sq ft early last year. However, it is estimated that about 800,000 sq ft was let during the past year and the rate of building is one of the fastest in the region.

One reason for this bouyancy has been the success of the Wellingborough Enterprise Zone, wbere about 80 acres have been developed. Occupants include Texas Homecare, wblcb has occupied a 250,000 sq ft building, Boots and Anglia Building Society.

Mr John Ainsworth, a partner at agents Wilson & Partners at Northampton, says there is strong local demand for freehnld land for owner-occupiers. Institutions continue to remain on tha sidelines.

Ho does not believe that the winding up of Nnrthampton New Town Development Corporation will harm developmont of industrial property, which has been carried ont lately by the private sector.

"There may be same slowdown in tho creation of infrastructure for industrial land, but the county council is oware of the need and will hopefully continue to meet it," he says.

Northampton is thought to be the most likely development area of the East Midlands to attract institutional investment. But this may be some way off, since rents of only £2.25 a sq ft are being achieved for larger premises, and ebout £3 for 1,000 sq ft or less.

Occupied

Nottingham continues to experience strong demand for small industrial units being built by the City Council. Mr Malcolm Gilbert, the council's chief valuor, says its latest development of 12 units of less than 1,200 sq ft, completed in the autumn, has been fully occupied.

About 35 per cent of companies occupying premises of this type wore newly formed, indicating that an important requirement was being met Rents, on quartorly leases, range from £2.50 tn £3 a aq ft.

Tho council is also involved in the development of Nottingham Science Park, wbere 30,000 sq ft of space has been built. Five units have been occupied.

A substantial amount of serviced dovelopment land is available in Nottingham and there are several owner-occupier projects under way, sucb as the £3m Thomas Cork developmont on eight acres of land.

Demand for industrial space in Leicester has improved rapidly over the past four months, with strong interest in freehold oroperty, according to Mr Ian White, senior partner at agents Jerroms. "There was a considarable backlog of space, but much has gone, with some being split up into smaller units.

"The main reason is that there has been a general upturn in the local economy."

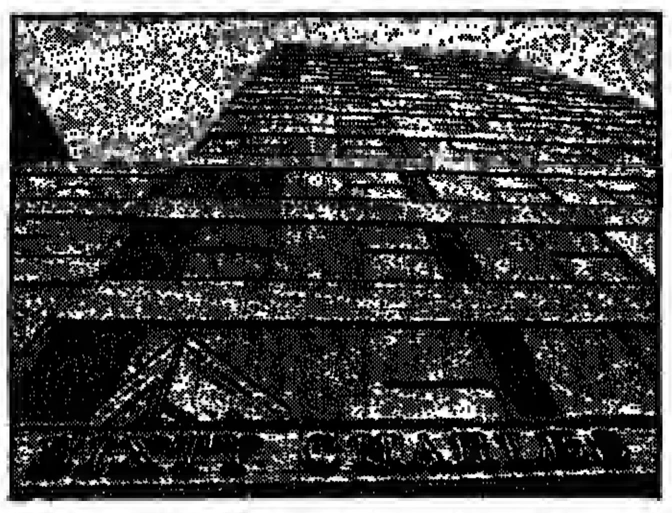
Modern premises of about 5,000 sq ft are being let at about £2.20 a sq ft, and less than £2 for 10,000 sq ft or more. Local confidence is being boosted by industrial developments such as the Meridien project at junction 21 of the M1 being undertaken by Wilsons.

In Dorby, agents Thompsons reported that demand for larger units is slow but there has been a marked improvement in the requirement for units in the 2,500-3,000 sq ft range. Prices of premises of less than 850 sq ft are £2.50 to £3 a sq ft, whilo factory space of about 5,000 sq ft can bo found at less than £2.

A fairly wide selection of modern property is availablo, particularly on the West Meadows Industrial Estate. In spite of the predominance of large employers such as Rolls-Royce and British Rail, smaller manufocturing companies appear to be recovering from recession, tha agents say.

The broad picture of tha region is that tho industrial property market bas partially recovered from the problems of the past few years, and that local authorities have played an important part in bolding up confidenco. But until rent lovels rise further, investment in new property will probably be limited to the best locations.

Lorne Barling



Offices in Charles Street, Leicester, wbere 4,550 sq ft of space is left at an asking rent of £1.60 a sq ft.

RETAIL

Continuous need for prime space

THE East Midlands has enjoyed the same retail boom as other parts of the country, so demand for prime property and sites bas been high in the main centres.

In most larger towns there is continuous noed for space in central areas and pedestrian shopping precincts, but few retailors are now going out of business and leaving premises availablo.

Sometimes, howevor, an opportunity arises when a largo property comes np for redevelopment into a number of smaller sbop units — usually designed to achievo top prices.

Nottingham agonts Hallam Brackett say prime rents have increased by about 10 per cent to around £55 a sq ft. Tho market is limited in the town but Hallam Brackott say redevelopment of tho former Woolworths ahop will provide significant odditional space. A Burtons group property is also being turned into smaller units.

In the prime area between the Victoria Centre and the Broad Marsh Centre, some shops have become available, only to be snapped up immediotely.

In Leicester the sale of the Barclays Bank premises in Gallowtree Gate has created some interest although its potential as retail property is limited. Rents of as mueb as £75 a sq ft have been achieved in the area, which is also short of prime retail space, according to agents Jarroms.

As in other areas, this pressure on prime areas has created opportunities for development of secondary sbopping sites.

Jarroms has playad a leading part in the success of o £3m development called St Martins in the old part of Leicester, where 39 sbops bave been completed and let. The developer was Toesland, backed by Bass Ponsion Fund.

The possibiilty of out-of-town shopping developments is arising in a number of areas of the East Midlands, none less than Leicester, wbere plans for a vory large project, Centre 21 adjecent to the M1, have led to a heeted debate.

It has been orguod that sucb a centre would damage retailers in central Leicester, although the project might go ahead on a sito further up the M1, thereby creating tho samo problom without the bonefits of accessibility.

The project was rejected after a planning inquiry, but legal action has been taken and e further inquiry is possible.

Tbore bas been aimilar pressure for new spaca in Northampton according to agents Wilson & Partners. The introduction of pedestrian areas over tho next year or so is likoly to concentrato shoppers —and demand for space—even more densely.

Secondary

Recent developmonts include a 42,000 sq ft retail warehouse for Harris Queensway in Weedon Road, wbilo the £6m Weston Favell shopping centre is a significant addition, creating around 250,000 sq ft of space.

The structured market for ahops is to some extent being broken down by sucb pressures as out-of-town projects and good secondary developments. The great diversity of rents, with e large gap between prime sites and others, also appears to be narrowing for the same reasons.

In Northampton, rents of up to around £33 a sq ft are being schieved for prime positions, but some good secondary locations are beginning to creep up significantly.

Continuous pressure for out-of-town developments is also changing the patterns of shopping in many centres. It is a trend which seems likely to continue, in spito of the efforts of planners to point out dangers to inner urban areas.

With the high level of national consumor spending set to continue, and the East Midlands recovering botter than many parts of the country from recession, the retail property markst seems poised for further improvament.

L. B.

THE PROPERTY MARKET BY MICHAEL CASSELL

Another Act in the new towns 'striptease'

THE CONTINUING sale of over £1bn worth of new town property assets, seen by critics as a cynical striptease performed for profiteers but praised by supporters as a smart piece of privatisation, has been given fresh momentum.

The third reading of the New Towns and Urban Development Corporations Bill might not have been the most spectacular way for the House of Commons to kick off tbe new year but its passage bas set the scene for the next pbase in a low-key but highly controversial programme of asset disposals.

For the past four years, the government has been encouraging the transfer of bundreds of millions of pounds worth of public sector property assets into private hands. Ministers have been delighted with the results but have become impatient for even greater success.

The new legislation will step up the pace of disposals and includes powers for the eventual winding up of the Commission for New Towns, whicb is responsible for the sales programme. But even if the Commission is destined to work itself out of a job, it should bave no difficulty in keeping busy for at least the next 10 years.

In the past 35 years, government investment in England's 20 new town has reached nearly £4bn, providing a third of a million homes and tens of millions of square feet of commercial floorspace. In 1979, however, the incoming Conservative government changed tack and the Commission was given the job of pursuing the "orderly realisation" of new town property assets.

Since then, over £300m worth of land and commercial property has been sold to tenants, property companies and institutions. Over £40m will be raised in the current financial year and disposals in the first six months included £8.5m worth of properties in Hemel Hempatead and two £5m packages in Crawley and Stevenage.

While the sales go on, the Commission also continues to manage all remaining property, attracting a current rent roll of £24m a year. It is also cbarged with exploiting the full potential value of land by identifying development opportunities and, if necessary, pursuing planning consents.

Taking over

At present, the Commission is responsible for a sales programme involving eight new towns but tbis year it will take over from development corporations in another five, doubling the current value of property assets available for disposal to over £1bn.

The future lifespan of three other new town corporations is being actively considered by the Department of the Environment while tbe remaining four—Milton Keynes, Peterborough, Telford and Warrington-Runcorn—are still growing and should remain operational for some time to come.

Along with the Corporation's new assets comes a new priority. In the words of the Bill, expected to become law by Easter, the Commission's primary function now is to dispose of the property "as soon as it considers it expedient to do so."

The new orders have inevitably provoked a fresh outburst from opponents of the sales programme. Critics have held out the prospect of "company towns," in which individual purchasers acquire ownership of whole town centres and then proceed to bold tenants to ransom.

John Fraser, Labour MP for Norwood, has no doubts that tenants will be exposed to what he calls "the abuse of power" inherent in ownership by large property companies, pensioo funds and insurance companies. The only motive of an institutional, commercial landlord, be claims, "is to squeeze every possible penny be can get out of bis tenant."

Frsser, who tried unsuccessfully in the House of Commons to extend greater protection to tenants affected by sales, says the Government's aim is to achieve "the naked state," though he quickly dispels any images of the Garden of Eden.

"I mean the naked state that is more appropriate to the Government's lack of any sense of shame. I mean it in a sense that it is slripped of any public assets."

Jeff Rooker, Labour MP for Perry Barr, says the Commissioo has become "a clearance warehouse which will move from town to town, piling the assets up higb and selling them cheap. The buyer is being told in advance that everything must go."

The Commission tries to keep its bead down and get on with its job but Sir Neil Sbields, chairman of the Commission, dismisses suggestions that he ia presiding over some kind of bargain basement sale: "Any fool can get rid of property cheaply but that is oot what we are about."

The Commission has a string of government-imposed guidelines to follow wben negotiating sales. It should give existing tenants first option to buy, it must ask a "publicly defensible," fair market price and ownersbip should be spread as widely as possible, in order to avoid dominance by a single landlord.

Tricky

Sir Neil emphasises that around 60 per cent of sales are to tenants, a figure which will be even higher in the current year: "We are the first to appreciate that many tenants do not bave the resources to consider ownership but we have managed to arrange a number of consortium transactions and there are more in the pipeline."

There is another, potentially tricky aspect to the Commission's activities. When a new town's property assets are being sold off, the bits and pieces which weld them together into a community—such as car parks, landscaped areas and markets—are left behind. It is the Commission which has to negotiate their transfer to a local authority which might not always approve of what is going on.

The Commission acknowledges that, as in the case of tbe Government's programme of council bouse sales, the disposal procedure may become progressively more difficult as the supply of attractive investments begins to dwindle.

As a result, there are likely to be increasing attempts to package together prime, secondary and tertiary propertles so that the Commission is not left with a rump of unmarketable real estate.

Whether potential buyers will always be prepared to belp the Commission off the hook by picking up a mixed bag which includes not only blue cbip tenants but the occasional chip shop must remain in some doubt. But if the government is eventually to herald another unqualified auccess for its privatisation pbilosophy and claim that the public has achieved a good return on its massive investment, then everything must go.

Sky-high values in New York

THE VALUE of all real estate on Manhattan has reached an estimated $159bn, according to the Real Estate Board of New York.

The board says that the Manhattan market has continued to show atrong signs of growth as New York's financial role contlnues to expand. Private owners alone accounted for $37.4bn worth of property while tbe tax levy raised rose during 1985 from $3.9bn to $4.2bn. Open market sales in the first half of the year alone rose by 67 per cent to about $1.5bn.

The board predicts that 1985 will see another 6.2m sq ft added to the stock of Manhattan property, bringing the total to over 300m sq ft.

● Merchant Navy Ratings Pension Fund bas agreed the letting of a new supermarket in Wolverhampton to Safeway Foods on a turnover rent basis. Tbe fund has paid £950,000 for a 3.8 acre site on the Pendeford Park district centre and is developing a 31,500 sq ft supermarket, five sbops and a post office. Completed investment valne will be aronnd £2.3m, to show a return of just nnder 10 per cent. George Trollope advised the Fund.

Brighton gets new seafront complex

SPEYHAWK has reach agreement with Brighton borough council to develop a £25m hotel and office complex on the town's seafront.

The local authority has been trying for 10 years to organise development of the site, which it owns. An agreed scheme, created by APC International and Rogers Chapman, was put forward in 1983 but Sheraton, the proposed hotel operator, pulled ont last October.

A replacement in the shape of the Ramada Corporation and a decision by the English Tourist Board to put £300,000 towards funding the hotel means the project can now go ahead.

The development, in Kings Road, will include a 211-bedroomed hotel, 62,500 sq ft of offices to be financed and occupied by the council and a further 32,000 sq ft of speculative offices funded by Postel on behalf of the British Telecom Pension Fund.

Postel is also providing the finance for the hotel

● Contrary to widespread expectations that London and Metropolitan Estates might finance its 250,000 sq ft office project at Ropemaker Street, City of London, through a syndicated loan arrangement—similar to that used at Billingsgate—it is understood the development company is in negotiation with a single institutional investor. L and M — the joint company between London and Edinburgh Trust and Balfour Beatty—has obtained planning consent for the project, on the site of Britannic House North, the old BP building. Site purchase, for £19m cash, was concluded this week with Barranquilla Investments, a Granada subsidiary.

● Deloitte Haskins and Sells, the accountants, are to occupy 26 Old Bailey, the 65,000 sq ft development carried out by City of London Real Property, part of Land Securities. Rent is in the region of £1m a year. Richard Ellis acted for the tenant and Baker Harris Saunders for Land Securities.

● Demolition of Lansdowne House in London's Berkeley Square, in order to pave the way for a £30m office redevelopment, is about to begin. The 200,000 sq ft project is being funded by Legal and General and Weatherall Green and Smith are letting agents.

● IBM United Kingdom Pensions Trust has paid about £1.4m for a freehold shop investment in Calverley Road, Tunbridge Wells. It is let to British Shoe Corporation at £45,000 a year, with a review in March 1987. Fletcher King acted for IBM.

FT COMMERCIAL LAW REPORTS

Written recognition establishes agreement

EXCOMM LTD v AHMED ABDUL-QAWI BAMAODAH
Court of Appeal (Sir John Donaldson, Master of the Rolls, Lord Justice Slade and Lord Justice Lloyd): December 12

AN ARBITRATION agreement need not be signed by the parties or contained in one document, but must be "written" in the sense that there is documentary evidence that they recognise its existence.

The Court of Appeal so held when allowing an appeal by Excomm Ltd, sellers of wheat, from an interlocutory order by Mr Justice Webster setting aside a judgment to enforce a Grain and Feed Trade Association (Gafta) arbitration award made in their favour against the buyer, Mr Ahmed Abdul-Qawi Bamaodah.

Section 26 of the Arbitration Act 1950 provides: "An award on an arbitration agreement may, by leave of the High Court or a judge thereof, be enforced in the same manner as a judgment . . . and where leave is given, judgment may be entered in the terms of the award."

* * *

LORD JUSTICE LLOYD said that in January 1976 the sellers and buyer entered into a contract for the sale of 10,000 metric tons of Australian wheat to be discharged at Jeddah. The contract was negotiated through intermediaries in Jeddah and London.

According to the sellers the contract was contained in or evidenced by a broker's note setting out terms and incorporating Gafta Form 14. It was signed by the sellers. A copy was sent to Jeddah for the buyer's signature. He never signed.

Gafta 14 provided for disputes to be referred to arbitration in accordance with the rules in Form 125. Clause 32 of Form 14 provided that if a party to arbitration resided abroad, proceedings were properly served "by leaving the same" at the Gafta office, and sending him a copy.

Clause 2 (c) of Form 125 provided that if one party called on another to appoint an arbitrator and he failed to comply, then either party might apply to Gafta for such appointment.

After discharge of the wheat at Jeddah the sellers said they were owed a large sum for demurrage. They appointed their own arbitrator, and later notified the buyer that they would invite Gafta to appoint an arbitrator on his behalf.

Correspondence followed in the course of which the buyer claimed a refund of $179,349, but made no suggestion that the contract was not subject to Gafta. The sellers wrote to Gafta asking for the appointment of an arbitrator, and sent a copy of their letter to the buyer. Gafta informed him that it had appointed an arbitrator and the arbitrator wrote to him asking for instructions. The buyers wrote to the sellers repeating the $179,349 claim and sent a copy of that letter to Gafta.

One week later, on July 2 1978, he wrote to the sellers denying having signed any contract or being a member of Gafta, and asserting that the arbitrator's decision would not be binding.

The arbitration went ahead. An award of $217,924 was made in favour of the sellers. They applied *ex parte* for leave to enforce it under section 26 of the Arbitration Act 1950.

Mr Justice Mocatta granted leave on December 4 1978, but provided that the buyer could apply to set aside his order *within 21 days*, pursuant to RSC Ord 73 rule 10 (6).

The affidavit on the basis of which the sellers obtained leave did not refer to the letter of July 2 in which the buyer disputed the arbitrator's jurisdiction.

No application to set aside the order was made within 21 days, and the sellers entered judgment. The buyer waited nearly 3½ years before he issued a summons to set the order aside.

Then he asserted that he never agreed to arbitrate in accordence with Gafta, and that if he did enter into a contract, it was oral, not written.

He admitted receiving an updated document headed "Order Sheet" on his broker's writing paper. It appeared to be signed by him, though he said he had no recollection of signing. It set out the terms of a contract for the sale of 10,000 tons of Australian wheat and incorporated Gafta 14.

The buyer said he had no idea that Gafta 14 might contain an arbitration clause.

The summons came before Mr Justice Webster. He held that Mr Justice Mocatta's order was not validly served, and that the buyer's letter of July 2 ought to have been brought to the judge's attention. He set aside the judgment.

On the present appeal the first question was whether the case came within section 26. For that purpose there must be an arbitration agreement. "Arbitration agreement" was defined by section 32 of the Act as a "written agreement to submit present or future differences to arbitration."

To be a written agreement to arbitrate it was unnecessary for the whole contract, including the arbitration agreement, to be contained in the same document. It was sufficient that the arbitration agreement was in writing. Indeed, it was sufficient if there was a document which recognised the existence of an arbitration agreement.

The authorities generally were against any necessity for an arbitration agreement to be signed (see: *Mustill and Boyd, Commercial Arbitration p57 n12*). There was no express requirement to that effect in the section 32 definition.

Accordingly, an arbitration agreement need not be signed, and the definition was satisfied provided there was a document or documents in writing "recognising, incorporating or confirming the existence of an agreement to submit" (see *Frank Fehr 82 LLR 673, 676. Baker [1892] 1 QB 144*).

Applying that test to the present case, the evidence was overwhelming that there was a written agreement to arbitrate. It was unnecessary to decide whether the contract was contained in the broker's note or the order sheet. The conclusion would be the same.

There were no material differences between the two documents. The parties were *ad idem* as to the existence of a contract and as to its terms, and both documents incorporated Gafta 14. The fact that the buyer was unaware that Gafta 14 included an arbitration clause was irrelevant. The buyer's letters also evidenced recognition of agreement to submit to arbitration.

There was, therefore, an arbitration agreement within the meaning of section 26. The contrary was unarguable.

The second question was whether it was a proper case for Mr Justice Mocatta to exercise his discretion to grant leave.

On the material before him there was no real ground for doubting the award (see *Middlemass [1972] 1 WLR 1643, 1647*). He was clearly right to give leave.

The third question was whether the order was properly served. It was left at the office in accordance with clause 32 of the rules, and a copy was posted to the buyer the same day. Mr Justice Webster held that under RSC Order 73 rule 10(5) service out of the jurisdiction required personal service.

Montgomery Jones [1898] 1 QB 487 held that service in accordance with the contract was good service unless prohibited by the rules. There was nothing in Order 73 rule 10 to prohibit service as provided by clause 32.

If the judge had been referred to *Montgomery Jones* no doubt he would have reached a different conclusion.

The fourth question related to the provision that the buyer could apply to set aside the order within 21 days. Mr Johnson argued that the buyer was not bound by the time limit, in that the application was made under RSC Order 32 rule 6, which contained no time limit.

That was not accepted. Order 73 rule 10(6) dealt with *ex parte* applications to enforce awards under section 26. It provided that an application to set aside might be made within 14 days, or such time as the court might fix." If Mr Johnson were right, effect would not be given to those words.

A provision that something might be done within a certain time normally implied that it might not be done once the time had expired. That was the implication in the present case. If so, then the buyer was hopelessly out of time.

The final question was whether the court should extend time and set aside the judgment.

The sellers' failure to disclose the letter of July 2 on their *ex parte* application was a serious omission. It was of the highest importance that an applicant for *ex parte* relief should make full and fair disclosure of points against him as well as those in his favour. Where he failed to do so the court would often, and perhaps usually, deprive him of the benefit of his order.

But that was not always so. It must depend on the nature of the application, the seriousness of the non-disclosure, the consequences of setting aside the order, and all other circumstances.

Mr Justice Webster was concerned by the very considerable delay on the buyer's part, but treated it as irrelevant because he held, wrongly, that the order was never properly served. The court must exercise its discretion afresh.

Taking the non-disclosure into account on one side and the delay on the other, the balance of discretion tilted heavily against the buyer.

Accordingly, the appeal should be allowed, and Mr Justice Mocatta's order restored.

Sir John Donaldson gave a concurring judgment. Lord Justice Slade agreed.

For the sellers: Stewart Boyd QC and Richard Aikens (Sinclair Roche and Temperley).

For the buyer: David Johnson QC and Christopher C. Russell (Coward Chance).

By Rachel Davies
Barrister

APPOINTMENTS

Giordano becomes BOC chairman

Mr Richard V. Giordano, chief executive of THE BOC GROUP, has now become chairman, as announced last October. He succeeds Sir Leslie Smith, who will remain on the board as a non-executive director. Mr Paul Bosonnet, managing director—finance and administration, has been appointed deputy chairman of the group. Mr Christopher Tugendhat, until recently a vice-president of the European Communities, is to join the board as a non-executive director.

*

Mr John Reidford has been appointed personnel director for UKF FERTILISERS, Chester. He succeeds Mr Hugh le Bootillier, who has retired. Mr Reidford was personnel development manager.

*

Following the acquisition of Bowater Carpets by MELTON MEDES, Nottingham, Mr James E. Philpotts, group chief executive, has been appointed chairman of the new subsidiary, which is to be renamed Goodacre-Georgian Carpets.

*

WORDPLEX INFORMATION SYSTEMS has appointed Mr John Dunbar as a non-executive director. He was an executive director of BSC (Industry), prior to which he was group vice president (finance), Olayan Saudi Holdings.

Mr Ron Lewis has been appointed to the board of HILL SAMUEL INVESTMENT SERVICES, recently-formed marketing company for the group's life and investment management division. He was marketing director of Hill Samuel Investment.

*

As a result of changes in the management structure of the LONDON LIFE ASSOCIATION, the following appointments have been made: Dr J. Evans, deputy chief executive; Mr W. B. McBride, general manager, pensions, policyholder services and systems; Mr A. R. Russell, general manager, corporate services and finance; Mr A. Arbaney, divisional manager, policyholder services; Mr V. F. Bush, divisional manager, general services; Mr M. J. G. Earle, manager, systems planning; and Mr D. J. Fenna, divisional manager, pensions.

*

Mr John Melbourn has been appointed deputy general manager of NATIONAL WESTMINSTER BANK'S international banking division. He succeeds Mr Terry Green who becomes general manager, business development division. Mr Melbourn was assistant general manager (advances), domestic banking division, where he is succeeded by Mr M. Alan Jones. Mr Jones was senior manager at the bank's Manchester city office.

*

Mr John Roberts has been appointed chief executive of NORTHERN BANK. He joins from Midland Bank where he had been director of the Leicester region since August 1981, previously having been the director of the South Wales region for five years. Sir Desmond Lorimer has been appointed deputy chairman of the bank having been a director since July 1983. Sir Desmond is chairman of Lamont Holdings and of the Industrial Development Board for Northern Ireland.

*

Mr John Parker has been appointed managing director of HOLT LLOYD LIMITED, UK operating subsidiary of Holt Lloyd in 1982 as sales and marketing director and was promoted to general manager last year. Mr David Clarke, sales and marketing director, has joined the board.

*

W. A. BAXTER AND SONS, Fochabers, has appointed Mr Alasdair MacCallum as managing director. He was managing director of Devro, Glasgow, a subsidiary of Johnson & Johnson Inc, New Jersey. Mr MacCallum joins Baxters on February 1. Mr Alistair Bruce becomes director of "Best of Scotland" division, Baxters' catering and speciality foods division. Mr Michael Melville is promoted to chief accountant in the grocery product division.

*

The ceramics and antimony division of the COOKSON GROUP has appointed Mr Brian Turner, as present vice-president, sales and marketing, Anzon America Inc, as commercial director of Anzon Ltd. Mr Frank Bradshaw, finance director of H.M.R. Group, has been appointed to the board of Anzon, as finance director, in succession to Mr M. R. Halliwell, who has resigned to meet his commitment with the Cookson metals and chemical division. Dr F. J. Fletcher, technical director of Anzon, has been appointed to the board of H.M.R. Group.

*

SAXON OIL has appointed Mr Nicholas J. Mardon Taylor to the board as finance director. He joined the company in January 1982.

*

Mr Garin Reed, a director of Scottish and Newcastle Breweries and vice-chairman of Thistle Hotels, has been appointed chairman of the board of management of the BRITISH HOTELS RESTAURANTS & CATERERS ASSOCIATION (BHRCA). Mr Graeme Simmers, chairman of Scottish Highland Hotels, has been named vice-chairman.

BASE LENDING RATES

A.B.N. Bank	12 %	C. Hoare & Co.	†12 %
Allied Irish Bank	12 %	Hong Kong & Shanghai	12 %
Amro Bank	12 %	Johnson Matthey Bkrs.	12 %
Henry Ansbacher	12 %	Knowsley & Co. Ltd.	12½%
Armco Trust Ltd.	12½%	Lloyds Bank	12 %
Associates Cap. Corp.	12 %	Mallinhall Limited	10 %
Banco de Bilbao	12 %	Edward Manson & Co.	13 %
Bank Hapoalim	12 %	Meghraj and Sons Ltd.	12 %
BCCI	12 %	Midland Bank	12 %
Bank of Ireland	12 %	■ Morgan Grenfell	12 %
Bank of Cyprus	12 %	Mount Credit Corp. Ltd.	12 %
Bank of India	12 %	National Bk. of Kuwait	12 %
Bank of Scotland	12 %	National Girobank	12 %
Banque Belge Ltd.	12 %	National Westminster	12 %
Barclays Bank	12 %	Norwich Gen. Tst.	12 %
Beneficial Trust Ltd.	13 %	People's Tst. & Sv. Ltd.	13 %
Brit. Bank of Mid. East	12 %	Provincial Trust Ltd.	12½%
■ Brown Shipley	12 %	R. Raphael & Sons	12 %
CL Bank Nederland	12 %	P. S. Refson	12 %
Canada Perm'nt Trust	12 %	Roxburghe Guarantee	12½%
Cayzer Ltd.	12 %	Royal Bk. of Scotland	10½%
Cedar Holdings	11 %	Royal Trust Co. Canada	12 %
■ Charterhouse Japhet	12 %	■ J Henry Schroder Wagg	12 %
Choulartons**		Standard Chartered	‖12 %
Citibank NA	12 %	Trade Dev. Bank	12 %
Citibank Savings	¶10½%	TCB	12 %
Clydesdale Bank	12 %	Trustee Savings Bank	12 %
C. E. Coates & Co. Ltd.	12½%	United Bank of Kuwait	12 %
Comm. Bk. N. East	12 %	United Mizrahi Bank	12 %
Consolidated Credits	12 %	Westpac Banking Corp.	12 %
Co-operative Bank	*12 %	Whiteaway Laidlaw	12½%
The Cyprus Popular Bk.	12 %	Williams & Glyn's	12 %
Dunbar & Co. Ltd.	12 %	Wintrust Secs. Ltd.	12 %
Duncan Lawrie	12 %	Yorkshire Bank	12 %
E. T. Trust	12½%		
Exeter Trust Ltd.	12½%		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	11 %		
■ Robert Fleming & Co.	12 %		
Robert Fraser & Ptns.	12½%		
Grindlays Bank	‡12 %		
■ Guinness Mahon	12 %		
■ Hambros Bank	12 %		
Heritable & Gen. Trust	12 %		
■ Hill Samuel	§12 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.75%, 1 month 9.50%. Fixed rate 12 months £2,500 8.75% £10,000 12 months 9.00%.
† 7-day deposits on sums of under £10,000 8¾%, £10,000 up to £50,000 9¼%, £50,000 and over 10¼%.
‡ Call deposits £1,000 and over 8¾%.
‖ 21-day deposits over £1,000 10%.
¶ Mortgage base rate.
§ Demand deposits 8¼%.
** See Provincial Trust Ltd.

Dunlop

A chance to build on 'a good name'

Charles Batchelor reports on the implications of the capital reconstruction of what was once Britain's major tyres group

DUNLOP, one of the grand but battered names of British manufacturing industry, can breathe more easily following the capital reconstruction agreement reached this week with its bankers—but only a little.

The £142m deal—one of the most complex rescue packages put together hy the City—is just one step, albeit a vital one, in the attempt to pull Dunlop back from the brink.

The vital question now is whether the now Dunlop management team under Sir Michael Edwardes has the financial strength, the products and the marketing skills to restore the company to health. On the plus side Dunlop has persuaded its 53 banks to convert some of their £70m worth of debt into equity. A direct bank share holding has not heen seen before on this scale in Britain.

This suggests that Dunlop's bankers, led by Barclays and National Westminster, are hopeful for the future though it also reflects the view at the Bank of England that a company of Dunlop's significance should not be allowed to go to the wall.

"Dunlop may have a bad image in the City but to the consumer it is still a good namo," says Roger Holmes, tho 37-year-old director of planning whom Sir Michael brought with him from the computer group ICL.

But on the minus side the Edwardes' team will havo to cope with managers and employees whose morale has been seriously affected by years of crisis.

That crisis was brought on by Dunlop management's failure — like other tyre manufacturers around the world — to respond quickly enough to changes in tyre technology. The development of the radial tyre—with twice the lifo of the traditional crossply—led to massive overcapacity during the 1970s.

Despite the diversity of its product range, Dunlop's core business has, until recently, been tyres. And its main business was in Europe, where tho competition was fiercest.

During the early 1980s tho losses in Europe forced Dunlop to sell off — in quick succession — its Malaysian rubher plantations, followed by its European tyre manufacturing plants to Sumitomo Rubber Industries of Japan, and a host of other smaller subsidiary companies around the world.

This programme culminated in November 1984 in the appointment of Sir Michael, the tough South African-born businessman who brought British Leyland hack from the brink, at tho head of an almost completely new management team.

What is now left of what was once one of the world's largest tyre companies? It still has a turnover of approaching £1bn and employs more than 27,000 people world-wide, 14,000 of them in Britain.

Three vital ingredients

Its businesses rango from heavy-duty ruhher pipelines used for carrying oil from tho seahed to precision seals and valves used in the space shuttle.

The company now has four core areas (previously dismissed in its accounts as "diversified products") with a combined turnover of £470m. They are: consumer and engineering products (each contributing nearly £100m worth of turnover), sports equipment (with sales of nearly £130m); and the largest, industrial products, with £150m sales.

Dunlop's foreign businesses, which are still organised on a regional basis produce more than £500m worth of sales. These companies, in the U.S., South Africa and elsewhere, are still largely tyre-based.

To succeed the new-style Dunlop requires three vital ingredients:

● **Money.** The shortage of funds in recent years has meant production plant and (in some areas) products have not kept up with the latest advances in technology. Factories will have to be rationalised and the product range npdated.

After four years in which total losses including extraordinary items were £300m Dunlop notched up a further sizeahle deficit in 1984 though the company cannot yet say how much. However: "You cannot assume 1985 will be in loss," Sir Michael said at the unveiling of the rescue package.

But profits, if any, would be small. The company has set itself a target of a 10 per cent return on sales within two to three years, though tho sales figure at that point may he lower than at present if the company has to sell off some of the profitahle overseas companies to strengthen its halance sheet.

Even after the £142m refinancing package and the inflow of £170m from divestments already announced Dunlop's borrowings are still expected to equal—and perhaps exceed—its shareholders' funds—estimated to he £150-£200m—at the end of 1985. The company helieves the £260m loan facility from its hankers will give it enough headroom to survive but divestments and trading profits must start making a rapid contribution to cash flow.

● **Marketing.** The good products which Dunlop's competitors acknowledge it has must he sold more aggressivoly. The practice of moving down-market in some areas to meet cheap rivals must be reversed.

One major competitor summed up the company's problems: "They have the quality but like all tyre companies they are always chasing volumes and cutting their prices. With their brand image they should he going for niches which offer good margins."

The company faces a formidable range of competitors, some of which meet it across a range of product areas, others which surface in specialist or regional markets.

It is up against the major tyre groups such as Goodyear, Pirelli, Continental in many industrial ruhber fields. In sports goods it is fighting large American groups, such as Wilsons Sporting Goods and AMF, or small British companies like Grays of Cambridge.

● **Management.** People within the company report a sharp hoost to morale since the arrival of Sir Michael last November. The clear and decisive management stylo which has already been imposed at the top is now being pushed lower down the structure as managers are replaced or moved to different positions.

The strategy of the new management has been to give greater responsibility to the heads of its four main product groups. Within these groups and the overseas operations more than 60 "profit centres" have heen created.

Managers are now singling out products—such as carbon fibre brakes for aircraft, sports equipment and flexihle hose for the offshore oil industry on which to concentrate investment and marketing effort.

There is clearly a very long lane ahead hut one possihly hopeful sign is the return of disenchanted Dunlop managers who left during the crisis years. For oxample, David Leeson, a manager in the chemical prodncts division, left in early 1984 hut rejoined last Novemher after Sir Michael Edwardes arrived.

"Essentially I left out of frustration," he said. "We had no funds and the regional structure meant I had no influence over an important market in Germany. Sir Michael answered the concerns I had so I came hack."

Whether Sir Michael will be able to answer the concerns of the City and his shareholders is another question entirely.

Sir Michael Edwardes: "You cannot assume 1985 will be in loss"

Still a major industrial force

● Dunlop Industrial takes in the traditional heavy end of the rubber products industry supplying conveyor belting to the world's mining industry.

It also emhraces a broad swathe of hoses for use in the offshore oil industry and other marine applications; hoses for industrial machinery, pneumatic drills and domestic appliances; and fluid seals used in car ongines, axles and hnbs. Dunlop factors, but does not make car cooling and heating hoses.

Overcapacity plagues many of these areas hut Jim Muir, newly appointed chief executive, singles out the offshore oil sector as a major growth area.

As the search for oil moves into deeper water, floating rigs will need flexible couplings and anchor mountings employing rubber-to-metal bonding technology while the oil will be brought np in unjointed pressure-resistant rubber pipes.

At the other end of the scale is Dunlop's move into space technology, supplying precision seals and non-return valves for use in tho Shottle. It is also applying its carbon fibre technology to the medical world. Carbon, an inert substance, can be used to make replacement body joints.

● Dunlop Engineering has spearheaded the group's drive into carbon fibre technology. From aviation tyres, which are still a useful cash provider, Dunlop has moved into advanced braking systems for Concorde, the Harrier fighter and — in a major breakthrough into the U.S. airframe market — a contract to supply brakes for the Boeing 757.

"This involves a heavy investment up front," says Colin Hope, engineering chief executive. "But money is now starting to come out of the carbon brake business."

This division is also Britain's only manufacturer —apart from the Ford Motor Company — of automotive wheels. This business has suffered with the decline of UK car manufacture, though Dunlop hopes to supply Japanese groups, such as Nissan, which are setting np plants in the UK.

● Dunlop Consumer produces the Dunlopillo range of mattresses, beds and pillows, though the British taste for sprung mattresses has made the Continent and the Far East more attractive markets.

Adhesives and car care products are small hnt attractive fields for expansion.

● Dunlop Slazenger International takes in the group's high profile and frequently high - technology sporting equipment business.

"Despito sport's high public image, no more people are playing golf, tennis, squash or hadminton now and we are faced with a static equipment market," says Alan Finden-Crofts, chief executive.

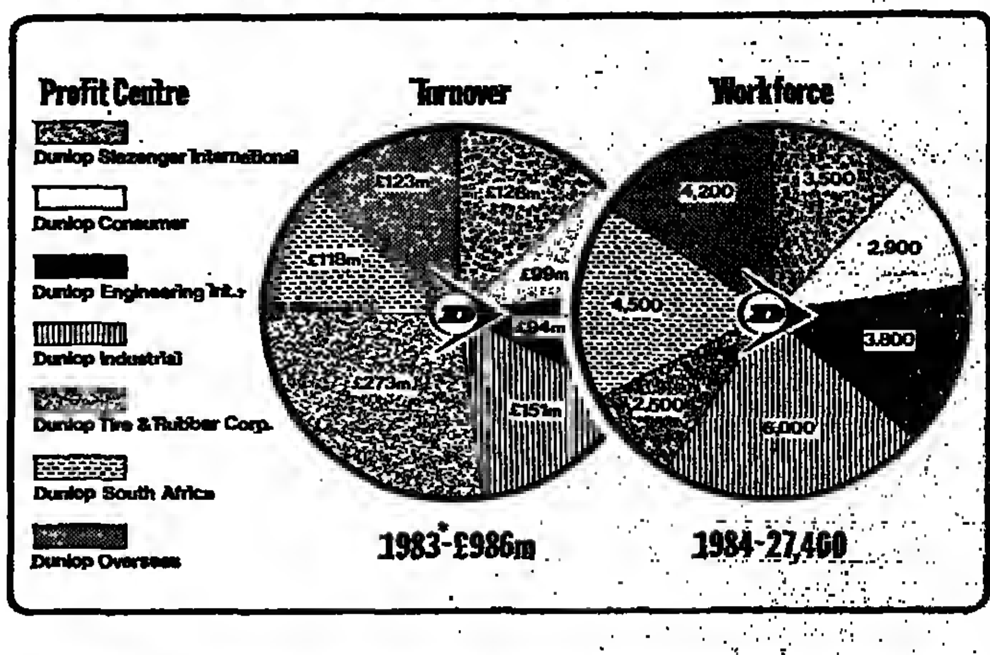
Dunlop is the largest and most broadly-based UK maker of sports equipment, though in international markets it faces tough competition in the golfing and tennis fields from U.S. groups, such as Wilson Sporting Goods and Donnay of Belgium.

"We have not made the money we should have done on sports equipment," says Finden - Crofts.

● Dunlop Tire and Rubber Corp is a relatively small specialist tyre manufacturer which has expanded into niches of the mature U.S. tyre market. It claims market leadership for motorcycle tyres and has also concentrated on the specialist replacement market.

● Dunlop South Africa, Dunlop's 51 per cent-owned subsidiary, is a microcosm of the old group. It makes tyres, a range of heavy industrial rubber products and sports equipment. It is a major supplier to South Africa's mining industry and has produced steady profits but is now suffering from the downturn of the local economy.

● Dunlop Overseas takes in a motley collection of manufacturing and trading companies in Africa, the Far East, South America and the Caribbean. The tyre manufacturing companies may eventually be disposed of but Dunlop plans to use contacts established by its trading companies, to undertake joint projects, using its own technology to manufacture other rubber products with foreign partners.



THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
18	19	20	21	22	23	24

Music

ITALY

Milan: Teatro Alla Scala: (Mon) Alfred Brendel (piano), Haydn, Schubert, Mozart and Beethoven. (80.91.26)

Rome: Auditorio di Via della Conciliazione: Franco Mannino conducting his concerto for six violins, two pianos and orchestra, also Richard Strauss and Rossini, (Mon and Tue). (65.41.044)

Oratorio del Gonfalone: Vicolo della Scimia 1/B (Via Giulia) The Chilingirian Quartet. Beethoven (Thur). (655.952)

WEST GERMANY

Frankfurt, Alte Oper: The Chicago Symphony Orchestra, conducted by Sir Georg Solti with Shostakovich and Bruckner (Sun). A piano recital with Daniel Barenboim playing Beethoven (Thur).

Berlin, Philharmonie: The Berlin Philharmonic Orchestra, conducted by Zubin Mehta with Yehudi Menuhin offers Bela Bartok (Sun).

PARIS

Mara Zampieri, Recital. Ronald Schneider, piano (Mon) Théâtre de l'Athenée (742.67.27)

Ensemble Intercontemporain conducted by Ronald Zollman, Rosemary Hardy, soprano: Stravinsky, Varese, Boulez, Ravel (Mon): Théâtre de la Ville (274.22.77).

Regine Crespin, soprano, Kim Lee, soprano, Orchestre du Conservatoire de Paris. Mozart, Wolf, Duparc, Puccini, Bizet (6.30pm): Yvonne Minton, mezzo-soprano, Orchestre de l'Ile de France conducted by Jacques Mercier: Berlioz, Ravel (8.30pm). Both concerts Monday at the TMP-Châtelet (233.44.44)

Ensemble Orchestral de Paris with Jean-Pierre Wallez as conductor and soloist. Teresa Berganza, mezzo and Ensemble Vocal Michel Piquemal: Bach (Tue). Salle Pleyel (563.88.73)

Orchestre National de France conducted by Ivan Fischer: Kodaly, Stravinsky, Bartok (Wed). Théâtre des Champs-Elysées (723.47.77)

Orchestre de Paris conducted by Zubin Mehta, Barbara Hendricks, soprano, Philip Langridge, tenor, Robert Lloyd, bass, Orchestre de Paris choir conducted by Arthur Oldham: Haydn's Creation (Thur) Salle Pleyel (563.88.73)

LONDON

London Philharmonic Orchestra conducted by Maurice Kaplow with Enrique Perez de Guzman. Berlioz, Beethoven and Tchaikovsky. Barbican Hall (Mon). (638 8891)

Marius May, cello and Roger Vignoles, piano. Vivaldi, Bach, Schumann, Paganini and Chopin. Queen Elizabeth Hall (Mon). (928 3191).

Royal Philharmonic Orchestra conducted by Walter Weller with Cristina Ortiz, piano. Brahms. Royal Festival Hall (Tue). (928 3191).

The King's Singers. Queen Elizabeth Hall (Tue).

NETHERLANDS

Amsterdam, Concertgebouw. Louis Stotijn conducts the Netherlands Student Orchestra, with Theodore Geraets, violin. Van Keulen, Brahms, Mahler (Tue). Recital Hall: The Little Consort with Lucia Meeuwsen, mezzo-soprano. Vallet, Dieupart, Frescobaldi, Apsberger, Fontana, Monteverdi (Mon): The Caecilia Consort. Ligeti, W.F. Bon, Weiner, Stravinsky (Tue); Shostakovich Quartett with works by the composer (Wed): Theo Olof, violin, and Gérard van Blerk, piano. Messiaen, Debussy, Faure (Thur). (718345)

Rotterdam, de Doelen. Rotterdam Philharmonic under James Conlon, with Francois-Rene Duchable, piano. Janacek, Liszt, Debussy, Stravinsky (Thur). Recital Hall: The Netherlands Saxophone Quartet, Bach (Mon). Spanish gipsy music in a Fiesta Gitana (Thur). (142911)

WASHINGTON

National Symphony (Concert Hall): Mstislav Rostropovich conducting. Beethoven, Albert (Thur); Mstislav Rostropovich conducting, Jean Pierre Rampal, flute, Lucy Shelton, soprano. Handel, Bach, Vivaldi, Laderman (Thur). Kennedy Center (254 3776).

NEW YORK

New York Philharmonic (Avery Fisher): Klaus Tennstedt conducting. Lorne Munroe, cello. Strauss, Beethoven; Klaus Tennstedt conducting, Bella Davidovich piano. Beethoven Dvorak (Thur). Lincoln Center (874 2424).

Chamber Music Society of Lincoln Center (Alice Tully): Bach, Beethoven, Ravel, Schubert (Mon, Tue). Lincoln Center (362 1911).

Carnegie Hall Juilliard String Quartet. Walter Trampler viola. All-Mozart programme (Mon); Prague Symphony, Jiri Belohlavek conducting, Susan Dunn soprano, Michael Sylvester tenor, Ivan Kusnjer baritone. All Dvorak programme (Wed). (247 7459)

VIENNA

Maria Livia sao Marcos. Bach, Bogdanovic and Villa-Lobos. Bösendorfer Saal (Mon) (65 65 51).

Vienna Symphony Orchestra conducted by Hans Graf with Hermann Prey, baritone. Bach, Mozart and Bartok. Konzerthaus (Wed). (721211)

Lieder sung by Lucia Popp with Irwin Gage, piano. Prokofiev, Dvorak and Wolf. Musikverein Brahms Saal (Thur). (658190)

Gilles Gea, Johannes Skroupa, recorder, and Ritsu Kawashima, harpsichord, play early and high baroque sonatas. Urania (Thur).

TOKYO

Yumiko Ohta, piano: Bach, Beethoven, Chopin and Szymanowski. Iino Hall. (Mon). (461 2590)

Aki Takahashi, piano: Chopin. Bunka Kaikan Small Hall (Tue) (353 2242)

Japan Philharmonic Symphony Orchestra: Ken Takaseki, conductor; Tomoko Katoh, violin. Takashi Yoshimatsu, Beethoven, Stravinsky. Tokyo Bunka Kaikan (Thur). (234 5911).

Opera and Ballet

LONDON

Royal Opera House, Covent Garden: The latest revival of Die Zauberflöte has attractive elements that may cohere better at later performances Richard Hickox as conductor, Gosta Winbergh and Angela Maria Blasi as Tamino and Pamina, Robert Lloyd as Sarastro, and Jonathan Summers finding in Papageno one of his most congenial Covent Garden roles. (240 1066)

English National Opera, Coliseum: Rigoletto, which in Jonathan Miller's updated New York reworking has become the company's most famous production of recent years, returns with John Rawnsley, Valerie Masterson, and Arthur Davies at the head of the cast, and the young American John Mauceri – already admired in this theatre for Forza and Butterfly – the new conductor. Phyllis Cannan's warm, gleaming, large-scala Tosca is the most compelling reason for a visit to the latest revival. (836 3161).

PARIS

Alexander Dargomyjski's Le Convive de Pierre based on Pushkin's version of the Don Juan myth is an opera essentially vocal and rarely performed. Conducted by Jean-Claude Casadesus in an Otomar Krejca production. Don Juan is sung by Allen Cathcart, Dona Anna by Mariana Nicolesco/Helene Garetti and Laura by Glenys Linos/Eva Saurova. Salle Favart-Opera Comique (296 06 11)

WEST GERMANY

Berlin, Deutsche Oper: Ophelia, an opera by Rudolf Kelterborn, will be offered for the first time in Berlin, with Silvia McNair in the title role. Die Hochzeit des Figaro is a Götz Friedrich production and has Thomas Sanderling making his Berlin debut as conductor. La Bohème has Eugenia Moldoveanu for the first time as Mimi. The cast also includes Giorgio Merighi and Lenus Carlson. Tosca is steered to triumph by Raina Kabaivanska brilliant in the title role. The Magic Flute rounds off the week.

Hamburg, Staatsoper: This week's highlight is Don Carlos with Julia Varady and Luis Lima. There was much applause at its premiere for Alexander Zemlinsky's rarely played Der Kreidekreis. La Traviata convinces thanks to Nelly Miricioiu outstanding in the title role. *Die Hochzeit des Figaro* is a well done repertoire performance.

ITALY

Milan: Teatro alla Scala: a new production of Swan Lake directed by Franco Zeffirelli with choreography by Rosella Hightower, with Alessandra Ferri, Carla Fracci and Maurizio Bellezza; The Barber of Seville conducted by Piotr Wollny with Martha Senn, Marta Taddei and Luigi de Corato (80 91 26)

Rome: Teatro dell 'Opera: Last performance this season of La Traviata conducted by Peter Maag with the American soprano June Anderson and Giuseppe Taddei and Alberto Cupido. A new version of Il Cavallino Gobbo, a two-act ballet on a Russian folk-tale – first performed at the Maryinsky Theatre in St Petersburg in 1864. Choreography by Briancev, scenery and costumes by Marina Sekalova and directed by Alberto Ventura. (461755)

NETHERLANDS

Amsterdam, Carre Theatre. The Merry Widow performed by Hoofdstad Operetta Company and directed by Alexander Pichler. All week except Mon. (22 52 25).

Netherlands Opera in Britten's Peter Grimes, production directed by Elijah Moshinsky decor and costumes by Timothy O'Brien and Tazeena Firth. The Utrecht Symphony Orchestra under Bruce Ferden, with William Neill as Peter Grimes, and Patricia Wells as Ellen Orford. Tue in Groningen, Schouwburg, Thur in Amsterdam, Stadsschouwburg (242311)

VIENNA

Staatsoper (5324/2655): La Traviata with Gruberova, Carreras and Pons; Elektra conducted by Hollreiser with Jones, Ludwig; La Bohème conducted by Kleiber with Freni, Guglielmi, Pavarotti; The Barber of Seville conducted by Zedda with Nafe, Winsauer, Prey and Ramirez.

Volksoper (5324/2657): The Gipsy Baron; Orpheus in the Underworld; The Magic Flute; La Vie Parisienne; Die Fledermaus.

Theatre

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s *incorporates gems* from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organisation has generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

The Real Thing (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, directed at a fast clip by Mike Nichols. (239 6200).

Glengarry Glen Ross (Golden): The Chicago cast from the Goodman *Theatre provided David Mamet with* a Pulitzer Prize for his latest work that pits fast-talking real estate salesmen against the world and each other. (239 6200).

Balm in Gilead *(Minetta Lane):* John Malkovich's energetic but nostalgic revival of an early Lanford Wilson play brings back the wide-eyed, drugged out 1960s and 70s to the accompaniment of Bruce Springsteen songs. (420 8000).

WASHINGTON

The Marriage of Figaro (Folger): The company's own adaptation of the Beaumarchais script will also use Mozart's music and da Ponte's libretto in an ambitious eclectic production. Ends March 10. (546 4000).

Royal Shakespeare Company (Opera House): With Broadway enthralled with the repertory productions of Much Ado About Nothing and Cyrano de Bergerac, stars Sinead Cusack and Derek Jacobi are bound to have a successful Washington run as scheduled until Feb 17. Kennedy Center (254 3770)

LONDON

The Real Thing (Strand): Jenny Quayle and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143).

Daisy *Pulls It Off* (Globe): *Enjoyable* romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a cliff-top rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a *dwindling reliance* on indiscriminate rustling around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Two Into One (Shaftesbury): Donald Sinden and Michael Williams head the cast of a blissfully funny farce by Ray Cooney in the old Whitehall tradition. An irate manager, Lionel Jeffries, declares: "There's far too much sex going on in this hotel, and I'm not having any of it." Not to be missed. (379 5399).

TOKYO

Kabuki (Kabuki-za): Kuruma Biki, Kagami Jishi (traditional New Year's lion dance), Shuten Doji, and Oshu Adachigahara which contains one of Kabuki's most moving scenes where the blind Sodehagi clad in a thin kimono in winter comes with her daughter Okimi to her father's house to beg forgiveness for marrying their enemy. *(Matinee).* Evening performance: Keya Mura, Nezumi Koso, Ninokuchi Mura. This last by Chikamatsu stars Utaemon, one of the greatest onnagatas (player of female roles) and the talented Senjaku. The plot centres on Chubei who, in order to finance his relationship with his courtesan-lover, embezzles a large sum of money. Trying to evade his pursuers he brings her to his home town, Ninokuchi Village. But he dare not go to his father's house. A typical Kabuki ending of Chubei taking his father's hand in a silent farewell, the snow cascading down on the black kimono-clad lovers in their suicide scene wrings the last ounce of emotion from the audience. The combination of spectacle and powerful sentiment is also typical of the New Year kabuki. English programme notes and excellent earphone commentary. (541 3131).

Exhibitions

PARIS

Kandinsky: 70 paintings, many on loan from the U.S., West Germany and The Netherlands, are complemented by Nina Kandinsky's legacy of 700 drawings and sketches; by his correspondence, his library and his own collection. The vast retrospective, the most important in Paris since 1963, retraces the different stages in his creation: Munich, the Bauhaus and finally Paris. Centre Georges Pompidou, closed Tuesdays. Ends Jan 28. (277 1233).

Degas: His portrait of Diego Martelli and his astonishing Bureau des Cotons, with his Carnet 18 to be seen for the first and last time page by page, form the highlights of a vast exhibition of the master's sculptures, paintings, lithographs. Centre Culturel du Marais, 20-28 Rue des Francs-Bourgeois (272.73.52). Every day from 10am till 7pm. Ends Jan 27.

WEST GERMANY

Hamburg, Kunstverein, Glockengießerwall: Fifty-five paintings, water colours and gouaches by Edvard Munch, the Norwegian painter (1863 to 1944). Ends Feb 2.

Hannover, Forum des Landesmuseums, 8 Am Markte: Berlin Art between 1770 and 1930 has 200 bronze, gypsum, ceramic and china sculptures by artists ranging from Gottfried Schadow to Georg Kolbe. Ends Feb 17.

Bremen, Kunsthalle, 207 Am Wall: Water Colours from the 19th century includes Albrecht Dürer, Eugene Delacroix and Emil Nolde. Ends Feb 24

Munich, Haus der Kunst, 1 Prinzregentenstrasse: The museum is displaying two exquisite shows. Nofret – the Woman in Ancient Egypt has 96 important works from between 2,500 B.C. and 200 A.D. on loan from Cairo. Ends Feb 10. Shogun offers a panorama of Asian culture in the everyday life of the Japanese dynasties between 1615 and 1868. Despite the limited number of exhibits from the Tokugawa Art Museum Nagoya in Japan, the show allows an insight into the position and importance of the Tokugawa princes. Munich is the only German venue of the exhibition which goes on to Paris. Ends Feb 3

ITALY

Naples: Museo di Capodimonte: 'Naples in the 17th Century': for lovers of Baroque. An exuberant exhibition of paintings, marbles, silver and furniture dating from a period when the city was the second in Europe after Paris. Ends April 14.

Rome, Villa Medici (French academy): Degas and Italy. A gracious recognition by the French Academy of the importance of Italy to the work of one of the greatest artists of the 19th century (this year is the 150th anniversary of Degas's birth). The exhibition follows Degas's principle that preparatory drawings should be shown with the finished work. This has been done here with three remarkable paintings: the portrait of the Bellelli family (with its echoes of Piero Della Francesca). The works cover the period 1856-60. Ends Feb 10.

Rome; Galleria la Gradiva (Via della Fontanella 5): Modern Italian painting including Guttuso, de Chirico, Annigoni, Rosai, Balla. Ends Feb 10.

Florence: Palazzo Strozzi: Icons from Russia – painting in Russia and the Ukraine from the 15th to the 18th century, organised by the new exhibition centre in Florence and the Russian Ministry of Arts. On show are 71 icons from the Museo Rublev in Moscow, and from museums in Leningrad, Kiev and Cernigov. Newly restored and stripped of their dark protective layers of linseed oil, the colours are brilliant and the gold gleams. The exhibition is fascinating not only for the extraordinary and disconcerting beauty of the icons but for showing the remarkable artistic isolation of Russia, which allowed this subtle art form to survive until Peter the Great decided forcibly to Europeanise it in the 18th century. Ends March 3

Milan: Castello sforzesco: L'Atelier dell'Illusione – 120 opera costumes chosen from the 80,000 in La Scala's storerooms. A visual opera history of the last 60 years. All the costumes are original except the first on show: a replica of the black, satin dress with bustle in which Maria Callas sang in La Traviata at La Scala in 1955. Closes end of Feb.

NETHERLANDS

Utrecht, Central Museum. Rare silver of the Golden Age. The Van Vianen family of Utrecht provided the country's leading silversmiths for much of the 17th century. The 60 objects from London, Vienna, Leningrad, Berlin, Paris and Amsterdam inevitably focus on the work of Adam and Paulus Van Vianen, whose introduction of the auricular style and emphasis on the sculptural qualities of silver brought about a break with the past. Ornate, yet graceful cups and ewers contrast with superbly chased tazzas and plaques depicting mythological and biblical scenes in low relief. The dazzling display is complemented by 17th-century paintings and drawings in which the Van Vianens' creations featured as sumptuous accessories. Ends Feb 10 (closed Mon).

Amsterdam, Van Gogh Museum. A large selection from the holdings of the city's Stedelijk Museum provides a comprehensive survey of the "Dutch identity" in art since 1945: from Cobra and the Informal Group, via Zero and conceptual art, to the New Realists and the exuberant expressionism of the emerging generation. Ends April 15. (The permanent Van Gogh exhibition has moved to the top two floors for the duration).

CHICAGO

Museum of Contemporary Art: Celebrating the foresight of local collectors, Dada and Surrealism in Chicago Collections includes more than 300 works by Dali, Ernst, Magritte, Miro, de Chirico, in mixed media including sculpture and photographs as well as paintings and drawings. Ends Jan 27.

TOKYO

Ceramics of East and West (Idemitsu Art Gallery): This exhibition highlights 17th and 18th century fine ceramics in Japan and Europe, including Japanese Arita ware, Delft from The Netherlands and Meissen from Germany. Particularly interesting is the influence of these various wares on each other, the result of trading of the period. Shards of Chinese and Japanese pottery excavated outside Cairo are also on display. This museum, on the 9th floor of the Kokusai Building in Hibiya, near Imperial and Palace Hotels, commands an excellent view over the moat and Emperor's Palace in the centre of Tokyo. A relaxed atmosphere enhanced by the serving of Japanese tea. Ends Feb 3.

Japanese New Year Arts (Yamatane Art Gallery): This gallery with its interior rock garden and tea ceremony room is perfect for an exhibition which demonstrates the importance of New Year, Japan's most popular religious festival. Ends Jan 27.

Woodblock Prints (Ukiyo-e) of 17th century actor Ichikawa Danjuro. One of several exhibitions to mark the occasion of Ichikawa Danjuro XII's succession to the most famous name in Kabuki in the spring. The traditional close ties between Kabuki and art exist even today. Riccar Art Museum, Ginza. Ends Feb 24.

F. Murray Abraham (left) as Antonio Salieri and Tom Hulce as Mozart in Amadeus, the movie

Cinema/Nigel Andrews

Genius—with a bag of salt

Amadeus, directed by Milos Forman
Water, directed by Dick Clement *and Ian Le Frenais*
All of Me, directed by Carl Reiner
Constance, directed by Bruce Morrison
Edith and Marcel, directed by Claude Lelouch

There are two kinds of movies about great artists: the hagiographic and the hellraising. In the first—out of fashion in most parts of the world today except Russia — film biography is an act of devotion and the artist is a halo-lit Special Being, deeply insightful, loving to his family, kind to dogs and religiously burning the candle at both ends as he hatches his great poem/symphony/painting/novel. In the second kind of biopic, whose patron saint is Ken Russell, the artist is a semi-demented dervish who is rude to relatives, foul to his family and tends to burn his critics at both ends if they don't like his latest opus.

Milos Forman's *Amadeus*, based on Peter Shaffer's play about Mozart, is a hellraiser staged like a hagiography. *Shaffer's portrait of Mozart* was always a rumbustious half-truth, in which we were asked to believe that the Austrian Orpheus who wrote the sweetest music ever composed was in real life a rake and roisterer to whom four-letter words came as easily as four-movement symphonies. He was an unfit vessel for a celestial talent, the play suggested, and it was that injustice that spurred his rival composer Salieri, a devout mediocrity, to nurse jealous vengeance and finally to murder.

You had to take Shaffer's play with a pinch, nay a whole bag, of salt; since anyone reading Mozart's letters knows that the composer *is entirely identifiable* in the man. They show that though exuberant he wasn't a booby, and though breezy and unhypocritical he wasn't a 24-hour foulmouth. They also show that he had a deep and piercing awareness of musical possibility and of his own talent, whereas Shaffer prefers to show him as a blind and bragging robot of divine will.

The film, alas, goes for the worst of both worlds. It has red-pencilled a lot of Mozart's obscenities, doubtless for the family audience, but it hasn't modified the basic notion of Wolfgang Amadeus as a free-lance yobbo carrying a stow-away genius in his luggage. Tom Hulce plays him like Elton John with electrified hair: he rises on stepping-stones *of* shocked courtiers and escalating periwigs to higher things. Meanwhile Forman, the ex-Czech director who can swing so alarmingly from the effervescent *(One Flew Over The Cuckoo's Nest)* to the ossified (*Ragtime*), surrounds this misconceived potentially fizzing centre with production values of ornate and "Ooh aah" grandeur that petrify everything at the periphery.

Not surprisingly, with setting and central character so at odds, it's the in-between figure who steals in and darkly triumphs. F. Murray Abraham's Salieri is a pock-marked Saturn at once sour and sepulchural; he glows with malice, his grievance is godlike. And even when wrinkled up for the formulary many-years-later prologue and epilogue sequence, from which we flashback to the main story, Abraham's manic glitter sifts through the prosthetics and steals the movie.

Elsewhere *Amadeus* is a Christmas stocking in which you dip your hand at your peril. Sometimes you get a miniature bottle of champagne, as with Forman's marvellously gleeful excerpts from the first nights of *Don Giovanni* and *The Magic Flute*, where great music rubs shoulders with crackpot pantomime. (We need to be reminded that the Queen of the Night first sang her firework arias to the rhubarbing rowdies of a Vienna vaudeville audience). But at other times you reach into the stocking and get a squashed banana or a dead mouse. Do Mozart and Constance (Elizabeth Berridge) really have to sound *chez eux* like yapping teenagers from Poughkeepsie ("Wolfy" and "Stanzy" respectively)? And if Mozart's father Leopold is to be the story's grim-reaper, cum-Commendatore figure, why on earth cast the affable and unforbidding Roy Dotrice in the role?

At least when *Amadeus* takes its wrong turns one's rooting for it to re-orute itself. With *Water* Dick Clement and Ian La Frenais's hopelessly lost Caribbean comedy, one wishes it would go away altogether. How on earth do films like this make the mighty leap from drawing-board to movie camera—and then from camera to audience? Michael Caine is the Governor of the tinpot British-owned island where a cast of second-magnitude stars are trapped with a man-eating, mercilessly mirthless script about oil speculators, native *guerrillas* and British independence promises. Brenda Vaccaro mugs away like Carmen Miranda reborn as Caine's South American wife, Billy Connolly twangs many a deadly ditty as a singing revolutionary, Valerie Perrine as a lady ecologist runs about like mad looking for lost or endangered comic possibilities (there are few) and the only late (and very lamented) Leonard Rossiter surprises us into a smirk or two with his rubber-chinned, sublimely unctuous Whiteball go-between.

*

All Of Me shows that America too can spend 90-odd minutes of comedy time with its hand hovering over the panic button. Steve Martin is the silver-haired shock-eyed lawyer who traps dying heiress Lily Tomlin's spirit inside him after a bungled attempt at transmigration by the Swami who had planned to pour her spirit into her stable-hand's daughter, Victoria Tennant. (Please try to keep up with this . . .)

The result is a cross-sexing Jekyll and Hyde with the manly Martin constantly seized by spasms of femininity, as the trapped Tomlin struggles for expression inside him. Most of the film is about as funny as falling off a cliff while trying to solve a crossword puzzle. But Martin does have one grandly barmy court scene when limp wrist battles with macho growl, and Tomlin flutters and flutes to funky effect early on. Carl Reiner, who wrote and directed, served Martin much better in *Dead Men Don't Wear Plaid* and *The Man With Two Brains.*

*

Bruce Morrison's *Constance* from New Zealand gets three for achievement but 10 for likeable eccentricity. This is *one of* those *cinematic* nut sundaes that are decorative, over-rich, fun and indigestible in equal proportions.

The dotty-indefatigable young heroine (Donogh Rees), who clearly thinks she's the Zelda Fitzgerald of Auckland society, goes about in postwar N.Z. maddening men, mocking the manners of the day and saving the last waltz for herself; even though most people have usually left by the time her partying spirit peaks. During her spare time she drives fast cars, wears hairstyles based on *Gilda*, is rude to Mum and dreams of Hollywood. Shot in delirious *haute couture* tableaux, like a Vogue Antipodes edition, the film never adds up to more than the sum of its parts — and parties — but that sum is fun.

*

Constance would have been appalled, of course, by the lack of fashion sense shown by Edith Piaf; that sparrow of Pigalle who always looked in public as if she'd fallen out of the wrong side of the nest that morning. Here, in Claude Lelouch's *Edith and Marcel*, she is played by pintsize Evelyn Bouix, bawling out her cracked-heart ballads, and regretting *rien* of her love affair with French boxer and world middleweight champ Marcel Cerdan (Marcel Cerdan Jnr). The audience, unfortunately, will regret if they get snarled up in this 2¼ hours' traffic jam of song, schmaltz and melodrama. There's still room for someone — Martin Scorsese? Francis Coppola? — to make a great film about Piaf. This one isn't it.

Chagall's Bible prints

As a counterpoint to the major Chagall exhibition at the Royal Academy, the French Institute in Queensberry Place, South Kensington, has mounted a show of Chagall coloured lithographs on the theme of the Bible. Done over a period of 30 years, they come from the Chagall Museum in Nice and have been displayed at the Centre Pompidou, Paris. The exhibition ends on February 9.

Also on show at the Institute are photographs of Paris taken in the last century and into the 1920s by the renowned amateur photographer Atget, whose work was the inspiration of such luminaries as Man Ray, Robert Desnos, Delaunay and Tzara.

In her book on Atget, Maria Morris Hambourg wrote: "Atget roamed old Paris in search of buildings, sculptures and views that offered the most telling testimony of French tradition: of the measured strength, dignity, sensuality and elegance of the historic culture, of the subtlety and variety of its expression, and of the imagination humour and resilience of its people." This exhibition also ends on February 8.

Hymnen, Stockhausen Festival/Barbican Hall

Max Loppert

With *Hymnen* on Wednesday, the BBC led its brilliantly successful Stockhausen Festival through a properly momentous final act. Of all the works in its chosen purview *Hymnen* is the obvious *magnum opus*. It is also, arguably, the pivotal work in Stockhausen's output thus far—the one that sums up the *past, makes* a clinching statement for the present, and peers into the future (specifically, to the current Stockhausen preoccupation with musico-dramatic epic). All this it achieves on a sonic canvas huge in gesture and scope, a canvas filled up in the time-defying, time-commanding way that stamps its creator as one of the important artistic innovators, in any medium, of the postwar era.

So *Hymnen* was an appropriate festive climax. It was also, in any such survey, a necessary one, for though the basic *Hymnen* tape has been in circulation here since its early days, the live-musical responses that the composer also licences are less familiar—Wednesday's performance was, indeed, the British première of the third of the work's four Regions with full orchestral addition (supplied by the BBC Symphony under Peter Eötvös).

In the other three parts a quartet of soloists (including pianist and percussionist) was invited to respond to the tape; the hall was darkened around them, the stage black-draped, with flecks of multi-coloured "space lighting" across the ceiling to decorate the conception of a work in which national anthem fragments provide the basic means of transport on a journey into new areas of time and space, of "world music," beyond all immediate nation-*alistic associations.*

As, particularly in the first two Regions, the tape responses of the quartet seemed to be relatively unsophisticated, I imagine some people in the audience might have found their presence unnecessary, an addition of clutter to what is already sufficiently substantial. For the orchestral elaboration there could surely be small grounds for similar disapproval: the third Region contains the densest, at times most magically mercurial weave of anthems, and to have it set in an orchestral fabric of depth and resonance in its own right was to call up an interplay Ives-like in its breadth of vision. And for my part, I was grateful for the foreground presence of all the live musicians; I found previous *Hymnen* impressions thereby amplified, not dissipated or effaced.

For, of all the works on the BBC schedule, it is *Hymnen* that encourages closest concentration on the mesh of contradictory feelings and impressions this composer arouses. These include: thrill and wonder at the vastness, the gift of awe-inspiring simplicity of his sound-invention; embarrassment at the mystical sentimentalities whose purposes this serves; and cumulative resentment, in Region IV, that final propulsion into the brave new world beyond the apocalyptic *crash of* tape *glissandos* appears to depend on some act of faith on the listener's part — it does not happen, for me at least, in the tissue of anthems, memories and breathing that provides the work with its thumpingly banal conclusion. For many people a "Stockhausen problem" survives the Stockhausen Festival still.

*

On Friday and Saturday last the Festival brought two of Stockhausen's most familiar works, *Mantra* and *Stimmung*, Andrew Clements writes. Composed in 1970, *Mantra* is the most recent work to be included under the umbrella of "Music and Machines"; at the same time as providing a very definite coda to Stockhausen's experiments of the 1960s, it also set up the language which has furnished his music ever since. Though now it may have lost the shock value of early performances, when it signalled a radical change in direction, *Mantra* remains a brilliant showpiece. The piano duo of Bruno Canino and Antonio Ballista appears to have inherited the mantle of the Kontarsky brothers, who gave the first performances; their account at the Barbican was less weighty, perhaps more self-consciously humorous in the sural ping-pong episode and the Zen chanting, but splendidly vivid and thrilling in the high-speed resumé that provides the work's main climax.

Singcircle's account of *Stimmung* has matured and developed since it first appeared in 1977 and was recently released on record. It makes a fascinating and instructive complement to the previously definitive version by the Cologne Collegium Vocale. For Saturday's performance Singcircle was joined by Wolfgang Fromme, director of the Collegium Vocale, as guest bass, though the slant remained that of the English group, less serenely meditative than their rivals, producing a more variegated result.

Of all Stockhausen's works in this BBC series *Stimmung* is perhaps the one least wedded to the 1960s. Almost everything heard at the Barbican celebrates Stockhausen's gifts as an inventor of sound; *Stimmung* more than any other work demonstrates his ability to organise his inventions into something formally new and uniquely compelling.

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A buy-British dilemma

TENTATIVE efforts to develop direct broadcasting by satellite (DBS) in the UK show the Thatcher Government's industrial policy in the worst possible light. All along, the Home Office and the Department of Trade and Industry have argued that DBS must be the responsibility of the private sector. Yet while rejecting the straightforward interventionist role favoured by most other European countries, the Government has remained in the background attempting to manipulate both broadcasters and satellite manufacturers.

The Government's behind-the-scenes role has led to a series of crises for DBS. The first was the realisation that the BBC could not go it alone. Co-operation rather than competition between broadcasters was the only way forward. The latest is the row between the broadcasting consortium put together last year (the BBC, the ITV companies and five independent companies) and its nominated supplier, United Satellites, a joint venture between British Aerospace, GEC and British Telecom. The broadcasting consortium is now demanding the right to minimise its costs by putting its satellite order out to international tender. The DTI's view seems to be that the broadcasters must buy British.

The broadcasters' concern is the result of an analysis of international prices which suggests that Unisat's proposed charge—£660m for a three-satellite system over eight years—is uncompetitive. It has been suggested that the cheapest alternative, an "off-the-shelf" satellite system from a U.S. company, could cost only half as much. The real price differential may well be much smaller: the U.S. option may be under-priced because it fails to take fully into account the broadcasters' financing costs and the recent slide in sterling. It is, in any case, a price for a two- rather than a three-satellite system.

National interest

Why should the Government seek to stop the broadcasters putting the contract to tender? It knows the overall economics of DBS are shaky. Even though satellite hardware comprises only about a third of the total cost of supplying programmes to households, it is an outlay the broadcasters must minimise, beset as they are with other economic worries—for example, their ability to sign up sufficient subscribers to break even. Yet the current official line seems to be that a tender is unnecessary because it is not yet proven that Unisat is uncompetitive. The Government is sitting back, saying DBS is a private, not public, concern and encouraging negotiation.

The broadcasters can be sure they have obtained the finest price only if they do put the contract out to tender. In a sense the argument about whether Unisat is competitive or not is irrelevant; if it is, it would win an international tender anyway. The assumption must be that the DTI is motivated by the view that it is in the national interest for the company to keep the contract. It is certainly arguable that it would be in Britain's long-term interest to keep a foothold in this area of advanced space technology. The absence of a formal UK space agency or even any co-ordination on space policy in the EEC probably explains the DTI's promotional zeal.

Collaboration

The Government has helped provoke the current row because it has conflated two quite distinct industrial issues. It has tried to promote both DBS and UK space technology without being seen to do either. A more open approach in this complex field would be helpful. It may be sensible to encourage UK satellite production (although it is unlikely that DTI officials are the best judge of this), but there are no grounds for making the broadcasting consortium pick up the tab. The broadcasters must be free to buy at the lowest cost; the Government, if it wishes, can make certain this means Unisat by providing an explicit subsidy.

The underlying explanation of the series of crises over DBS is not just the UK Government's reluctance to intervene explicitly in the creation of a high risk new technology but the fact that for various historical reasons DBS has been viewed in a purely national context. There may be plausible technology off-the-shelf from the technolog off-the-shelf from the Americans. But, equally, it makes little sense for a small country like Britain to go it alone. The long-term goal of the Government should be to promote some form of European commercial collaboration.

Mitterrand's high risk mission

PRESIDENT MITTERRAND of France is undertaking a high risk mission with his trip to New Caledonia. If he fails to break he deadlock between the indigenous Kanak separatists and the French settlers it will be another in a series of setbacks that have, of late, marred his generally good record in external affairs.

Repercussions upon French internal politics apart, the conflict in New Caledonia, which has cost about 20 lives since November, calls for high level efforts to find a solution. The islands and archipelagos east and north east of Australia have, on the whole, been a peaceful region for a long time. They have been free of great power rivalry. In particular, Australia and New Zealand are anxious to avoid trouble in the region, which might eventually tempt outsiders to fish in troubled waters.

What makes M Mitterrand's task so hard is that the Kanak population *no longer* constitutes a majority in New Caledonia. It accounts for 43 per cent of the population of 145,000. French settlers account for another 36 per cent and immigrants from other islands in the region for the balance. The plan worked out by the French High Commissioner in New Caledonia, M Edgar Pisani, seeks to resolve the resulting difficulties. It provides for independence, subject to a referendum, to satisfy Kanak aspirations. But the island would remain in a close treaty association with France to safeguard the position of the French and other elements.

Reassurance

M Pisani's plan contains ambiguities, and in any case much detail remains to be worked out. But the general drift does justice to the problem. De-colonisation fits in with the temper of the times. Association with France ought *to reassure the settlers*. It would also provide material support to a state that could ill afford to launch out on its own. States in Africa that have retained their ties to France, their former colonial master, have not fared the worst.

New Caledonia is heavily dependent upon financial support from France, its greatest single source of revenue. Exports cover only about half the territory's import bill. The economy is overwhelmingly dependent upon nickel, and though nickel prices have risen during 1984, the boom days of the late 1970s are long past.

Help will continue to be needed, whatever the future status of the territory. M Pisani has made clear that France will be willing to provide it to an independent and associated New Caledonia.

Intervention

First Kanak reactions to the Pisani plan were favourable, though the tone changed when French security forces shot a separatist leader. The French settlers, relying upon the support of the anti-Socialist opposition in France, have remained intransigently anti-independence all along. That shows the magnitude of the task that M Mitterand faces.

Why has he then taken it on in a fashion involving his personal prestige so directly and openly? First and foremost, probably, because a dramatic intervention from the highest level offers the best chance of saving the Pisani plan. Unless deadlock in New Caledonia can be broken, it will give the French opposition continued opportunity to belabour the President and his Government.

It is not a prospect that M Mitterrand can relish after the recent fiascos of his personal efforts to improve relations with Libya and Syria. Yet French foreign policy has performed well on the bigger issues under M Mitterrand's leadership. Relations with Britain, West Germany and with Nato have been placed on a sound basis and the French presidency of the EEC was a success.

But these are not issues that capture the popular imagination as readily as personal forays into troubled areas. If M Mitterrand fails in New Caledonia his standing and the electoral prospects of the left next year will have taken another knock. Unfortunately for him, a success would not offer correspondingly great rewards. New Caledonia is too remote for that from the day-to-day interests of the French voter.

ITT assets sale

'House that Harold built'

By Paul Taylor in New York

Harold Geneen (centre), surrounded by (clockwise from top left) Henry Singleton, the late Charles Bluhdorn, James Ling and Harry Gray

IT TOOK Harold Geneen the best part of two decades to assemble ITT into the multinational behemoth it had become when he stepped down as chief executive in 1978.

Now, six years later, one of his brightest and most loyal lieutenants, Mr Rand Vincent Araskog, is busy partially dismembering the group his former boss put together.

On Wednesday, Mr Araskog, ITT's powerful but usually reserved 53-year-old chairman, added the latest touch to his own plan for reviving ITT's flagging fortunes by putting $1.7bn of ITT's remaining $14bn in assets on the auction block.

The latest move will virtually complete the disposal of one of ITT's four divisions, the natural resources and food group, and result in a far-reaching reorganisation touching virtually all segments of ITT's far-flung empire.

The asset sale highlights the reversal in ITT's corporate strategy under Mr Araskog. It also places a further question mark over the future of corporate conglomerates in the U.S.

These doubts have already lead to the break-up of conglomerates like City Investing, the reorganisation of others like Gulf and Western (created by the late Charles Bludhorn), and raised more general questions about the wisdom of diversification strategies.

This is in sharp contrast to the prevailing corporate fashion of the 1960s when share prices were high, money was relatively "cheap" and Harold Geneen went on his corporate buying spree.

His vehicle was International Telephone and Telegraph, a company founded in 1920 by Col Sosthanes Behn, a sugar broker from the Virgin Islands, whose ambition was to build a 'phone company which would do for the world what American Telephone and Telegraph had done for the U.S.

Col Behn laid the foundations of the multinational conglomerate, helped by the U.S. Goverment, whose 1925 anti-trust action against AT & T's Western Electric subsidiary resulted in ITT acquiring Western Electric5s overseas manufacturing operations. But when Col Behn died in 1957, ITT was left struggling to rebuild its empire in the post-war years.

Two years later, ITT hired Harold Geneen as president and chief executive. Mr Geneen, who left school at 16 and worked his way up the corporate ladder at Bell and Howell, Jones and Laughlin and Raytheon before joining ITT, quickly proved his reputation as a brilliant accountant and relentlessly hard-driving manager.

When he took over, ITT had sales of $765.6m and profits of just $29m. Eighteen years later, when he stepped down, ITT's sales had reached $16.7bn and earnings topped $560m.

On the way, Mr Geneen had taken the group into everything from sliced bread, to *insurance*, hotels, grass seed and car parts. Among the companies he acquired for ITT were cash generators like the Hartford Insurance Group and the Continental Group which sold Wonder Bread and "Twinkies" and was divested last year.

Folklore has it that Mr Geneen's buying binge was triggered by Fidel Castro's nationalisation of ITT's Cuban telephone company after which he vowed to buy back into the U.S. to protect ITT's existence.

The rationale appeared to be to build a diversified conglomerate able to ride cyclical downturns in individual sectors and to take advantage of economies of scale and the tightly knit headquarters management structure which the former ITT chairman built to run the empire. *The ITT* he created was run by meeting, "managed by objectives" and subject to tight, centralised financial controls.

His success earned him nicknames like "the General Patton of industry" and personal accolades such as "the Michaelangelo of management" from awestruck admirers. At its peak, ITT was the ninth largest industrial company on the Fortune 500 list behind four oil giants, Ford and General Motors and GE and IBM.

But ITT's massive growth came at a cost. Weighed down by the debt used to finance the string of acquisitions, at a time when interest rates were soaring, and also by a top-heavy management structure, profits and virtually all the other performance measures were stagnating by the late 1970s. *What is more, ITT's aggression* had led it into several highly publicised political scandals earlier in the decade, tarnishing the company's image.

When he stepped down as chief executive, Mr Geneen hand picked Lyman Hamilton, a cost-cutting specialist he had brought in from the World Bank in 1962, to succeed him.

But Mr Hamilton set about trying to reorganise "The House that Harold Built" and reportedly tried to sell some of Mr Geneen's most prized corporate trophies. The response from Mr Geneen, who still remained chairman, was equally rapid.

A year later, Mr Hamilton was out and Mr Araskog, a former Honeywell executive who joined ITT in 1968, was installed, first as chief executive *and then* as chairman when Mr Geneen finally vacated his office at ITT's Park Avenue, New York, headquarters.

Mr Araskog appeared to move slowly at first. But there was no mistaking his intentions. He set out to turn ITT around. Quietly he set about achieving what Lyman Hamilton before him lacked the power to do: get IT's debt down, cut costs and refocus the company on high growth high-technology businesses.

The "deGeneening" of ITT, described by insiders as "an evolutionary process" reflecting changed perceptions rather than a "revolutionary" shift, actually began five years ago. But what ITT's profits sank early last year because of problems at its Hartford Insurance Group the company was forced to slash its quarterly dividend after 20 years of consecutive increases, and the divestiture programme went into overdrive.

To date, excluding the latest proposals, Mr Araskog has presided over the divestiture of a total of 67 companies with total sales of almost $3.5bn generating gross proceeds of about $1.4bn since 1979.

While the latest divestiture anouncements do not mark the end of the programme — ITT has already signalled its intention to sell its forest products group when market conditions improve—the current slimming process may be close to running its course.

If so, ITT would still remain a large diversified multinational group, although it will be far more closely focused on three main busines areas: telecommunications, financial services and automotive products.

Even in these areas, ITT faces serious long-term challenges. In telecommunications, in particular, Mr Araskog is gambling that heavy R and D expenditures—especially on ITT's advanced system 12 digital switch —will eventually bring sales and profits in the lucrative U.S. market.

But ITT's willingness to grasp the divestiture nettle has already helped to restore partially investor confidence and its battered share price, even though it remains well below its once lofty heights.

What Wall Street is still waiting for ITT to prove is that what is left of the Geneen empire after the dust settles is worth keeping, more than comfortably profitable and can be made to work together.

HOW THE CONGLOMERATE CONCEPT WENT OUT OF FASHION

MR HAROLD GENEEN once told his shareholders that managing ITT was "one of the more complex management tasks in the business world." Yet in the merger mania which gripped the U.S. 20 years ago complexity was the last thing builders of the new conglomerate empires worried about. ITT itself bought 250 companies between 1961 and 1971. In the late 1960s shares *in Litton Industries, another* conglomerate which prided itself on the management of technology, were selling at a price-earnings ratio of 50 and its growth seemed unstoppable. There were those who predicted that within a decade there would be only 200 major industrial companies in the U.S., all conglomerate.

There had been merger waves before, notably in the 1890s and the 1920s, but this one was larger and more frenatic. The concept of the conglomerate was not new; it had been pioneered in the 1950s by Royal Little of Textron, who bought about 100 companies in the space of eight years to transform a small textile business into a widely diversified group. But Little acquired mainly small, family-owned firms and he looked for businesses where he could see a real prospect of improving their performance. His imitators were more ambitious and less selective. William Miller, Little's successor at Textron, described the new approach as "business fundamentals be damend, jaxx up the stock and on to the races."

Inevitably some of the new breed were caried away by their own self-confidence — and by the financial wizardry on which they relied. The key in many cases was an exceptionally high price-earnings ratio, which enabled the acquirer to take over more lowly rated companies and apparently show an increase in earnings per share — almost irrespective of the merits of the business that was being bought. The high price-earnings ratio itself depended on rapid growth in sales and earnings, so that the conglomerate was always under pressure to make more and bigger acquisitions. All this was rationalised with high-flown management rhetoric.

Litton was one of the first to come unstuck, mainly through an ill-judged investment in shipbuilding and in typewriters (Royal McBee in the U.S., followed by Imperial Typewriters in the UK and Triumph Adler in Germany). Profits began to decline and the share price fell from $92 in 1967 to a low of $3 seven years later.

The same period saw the departure of Jimmy Ling, the most flambuoyant of the empire builders. Ling-Temco-Vought (now LTV Corporation) made several large purchases in the 1960s, most notably of Jones and Laughlin, a major steel producer. Ling's watchword was "*asset redeployment*"; his *speciality* was floating off some 20 per cent of his subsidiaries and borrowing heavily on the shares which he kept. He was forced out of the business after large losses in 1970.

Harold Geneen of ITT never looked in danger of sharing Ling's fate, partly because of his undoubted management ability and his extraordinary grasp of detail. Even after an anti-trust settlement which forced some divestitures and limited the company's ability to make large acquisitions in the U.S., ITT continued to move ahead.

Yet the diversity of the businesses, of ten small ones, which ITT bought in the U.S. and in Europe made the company increasingly hard to manage. By the time Mr Geneen retired retrenchment was unavoidable.

Throughout the 1970s and early 1980s there has been a stream of spin-offs and management buy-outs as companies relearnt the virtues of "sticking to their last." But it should not be forgotten in all this activity that the conglomerate has certainly not disappeared. Some of the pioneers took evasive action early enough. For example, Henry Singleton of Teledyne, one of several Litton alumni who had set out on his own, put a brake on pell-mell acquisition in 1971-72 and concentrate on conserving cash and on internal growth.

More strikingly, both Litton and LTV have climbed back to respectability. A more sober management style at LTV has succeeded in wringing profits out of mature industries, notably steel, where it is how the country's second largest producer. Litton emerged from its shipbuilding troubles, sold off some of its earlier acquisitions (Triumph-Adler went to Volkswagen, producing little joy for its new owners) and is now more strongly placed in a range of generally high-technology sectors.

Meanwhile, other conglomerators, perhaps learning from the mistakes of the past, have been building strong, diversified groups. Harry Gray, another ex-Litton man, who joined United Aircraft (now United Technologies) in 1971, has made a series of large acquisitions, *aiming* for *companies* which can benefit from UT's strength in researhc and development and which are, or have the potential to be, leaders in their field.

The most successful conglomerates are generally the creation of a strong individual. But the lesson of the past 20 years is that such men need to guard, or be guarded by their colleagues, against a belief in their own infallibility; the "whizz-kid" aura that surrounds them may tempt them to go far too fast. There can also be problems over the success on — of the sort which appear to underly the recent disputes in United Technologies' board room.

The logic of diversification as one of the routes to business success remains valid. Royal Little, father of the conglomerate, wrote in Fortune magazine last year: "Diversifying is as desirable today as ever, but a lot harder. When I was building up Textron 30 years ago, you could buy a company at eight times its annual earnings. Today you may have to pay 15 times earnings. I could not create a Textron today and make a decent return, nor could anyone else. Yet Little is convinced that his basic concept of unrelated diversification is as sound as ever. "A well-run diversified company should not ever lose money."

Geoffrey Owen

Men and Matters

In the picture

The day a rail strike froze half the country's commuters and the miners' strike crept remorselessly on towards its first birthday was as good as any I suppose, for leaders of the rail and miners' unions to unveil a portrait of themselves.

Be reassured: this was not a latter day Portrait of Dorian Scargill, or of Buckton as a Young Turk. It was of former union leaders Sid Waighell, ex-general secretary of the National Union of Railwaymen and Joe (now Lord) Gormley, one time president of the National Union of Mineworkers. Their portrait — the first of trade unionists — now hangs in the National Portrait Gallery.

Neither man thought much of their successors' strikes. Weighell said that "It is a funny way to improve the railway system — hitting at your customers." Lord Gormley was more circumspect about the miners' strike, but did admit that he was "sad it is going on so long."

A third distinguished former union leader, Tom Jackson of the postmen, is in the portrait and should have been at the unveiling ceremony. But he could not make it — because of the rail strike.

Swiss role

His Serene Highness, Prince Francis Joseph II, wealthy ruler of Liechtenstein, has recruited one of banking's most famous figures into his financial service.

Dr Fritz Leutwiler, until the end of last year president of both the Swiss national bank and of the Bank for International Settlements, has agreed to join the board of directors of the Prince of Liechtenstein foundation.

Headed by Francis Joseph and Crown Prince Hans Adam —who now runs most things for his 78-year-old father—the foundation administers the family's private assets, including a fast-expanding bank, venture capital firms in the U.S., far-flung estates, and one of the world's biggest private art collections.

It is all widely thought to be worth several billions of Swiss francs.

Leutwiler is joining a distinguished team. It numbers among others, Dr Alfred Herrhausen, a board member (and some say future head) of Deutsche Bank, West Germany's biggest commercial bank.

Out of court

Lawyer Louis Blom-Cooper has raised a sigh of relief from TUC officials at Congress House by declining an invitation to speak at a rally there next week.

As counsel for the Civil Service trade unions in their legal battle over the union ban at Government Communications Headquarters (GCHQ), Blom-Cooper was to be one of the guest speakers at the rally marking the ban's first anniversary.

But after the invitation had been sent, it was realised that Blom-Cooper is now representing 20 working miners who are suing th eSouth Wales area of the National Union of Mineworkers.

There were prospects of some unbrotherly incidents — until Blom-Cooper said that, for reasons of professional etiquette, he would have to miss the event.

Whiff of oxygen

After eight years in Brussels as an EEC commissioner and, for the last three years, as a vice-president, Christopher Tugendhat, aged 47, is making what he calls a "quiet re-entry" into the London scene.

As an old FT man—he was a features and leader writer until his election as a Conservative MP in 1970—his inclination has been to turn to the business world.

"There's the first of a 12 part series—'How they brought Dallas to Thames'"

His first job is as a non-executive director of the BOC Group. While the very idea of being a non-executive director raises yawns among some sophisticates, it is a more important job than it sounds in the case of BOC.

Richard Giordano has just moved on from being chief executive of the group to the chairman's seat.

As every schoolboy knows by now Giordano is Britain's highest-paid executive (£771,600 in sterling equivalent for the year to September 30 last). And Giordano has always made much of having a strong team of outside talent contributing to the group as non-executive directors. Indeed they even meet as members of the BOC management resources committee to fix the salaries of Giordano himself, and other high executive flyers.

Tugendhat will be paid "a *package" worth about £20,000* a year to contribute a day or so of his time each month to BOC. The tradition is that the non-executive directors are responsible for special research projects and occasional fire brigade jobs.

Ian Fraser, retiring chairman and chief executive of Lazard's, has just left the ranks of the BOC non-executive directors. Serving alongside Tugendhat will be Sir Leslie Smith, former BOC chairman; Dick Taverne, SDP hopeful; Patrick Rich, chief executive of Alcan Aluminium Europe and much sought-after jabb pianist Robert Malpas, a BP managing director; and Crocker Navin, American investment banker.

Cross lines

The post-privatisation lustre of British Telecom executives faded a little yesterday in the face of a hostile press reception to its £160m programme to modernise the country's 76,500 public call boxes.

Journalists have probably suffered more than most from the disastrous state of BT's payphones. Most have learned from bitter experience how much easier it is to bribe householders to lend them a phone than to find a public telephone which has not been vandalised or is out-of-order when a deadline presses.

BT s eemed quite unprepared for the feelings it unleashed; the product of years of frustration. The militant crowd was particularly annoyed by the way in which a phone with a full coin-box can only be used to dial the 999 emergency service. It seems even the new high technology models won't let you dial 100 to make a reverse charge call via the operator in similar circumstances. But in the face of such hostile customer reception, BT said it would look into it.

Observer

POLITICS TODAY

Mr Lawson gets away with it

By Malcolm Rutherford

IN THE end it was not quite such a had week for the Government as it looked at the start. The pound steadied, equities rallied and Chancellor Lawson made rather a good speech in the House of Commons on Tuesday (it would have been a disaster if be had not) before going off to Washington for talks with his fellow Finance Ministers in the Group of Five.

If anything, the Government's resolve to stick to its economic policies has been stiffened. It was being blown off course, as the saying has gone over the years, by a loss of confidence abroad. It has reacted by re-enforcing its zeal. One should not be surprised if there is a rather tougher Budget in March than was recently being advertised.

However, tha Government should not be let off too lightly. In tha past feew weeks it really has presided over a remarkable shambles. Exchange rate crises were supposed to be e thing of the past. Yet here was the old, familiar pattern: the pound slides, assurances that all is well, then one rise in interest rates which proves to be inadequate, followed by a second which more or less retrieves the situation.

No change yet in opinion poll ratings

Not least, there was the confusion of signals. Who was saying what, and to whom? It was entirely reminiscent of Harold Wilson and George Brown in the 1960s. Mrs Thatcher's administration was meant to be above all that. We now know that the machinery of government is not much better than it used to be.

So the main charge is against the Government's competence, as Dr David Owen, the leader of the Social Democratic Party, bas been saying for some time. If that charge can be made to stick, the effect will be cumulative. The Government will be made to look as if it has run out of ideas and out of will: the climate of opinion will turn against it, much as it did against Harold Macmillan's administration in the early 1960s.

The odd thing is that it hasn't happened yet. Two opinion polls published this waek, though admittedly taken before tha exchange rata difficulties became public knowledge, still put the Tories well ahead. But tha Government should he careful. It owes its survival to the ineffectiveness of the opposition parties, at least as much as to its own merits.

In the House of Commons debate on unemployment on Tuesday, the opposition ought to bave had the Government on its knees. As Mr Eric Heffer remarked from tha Labour back benches, it was a motion which the SDP-Liberal Alliance could easily hava supported. It condemned the administration's record on employment, and called on it to concentrate the resources at its disposal on the public sector, "thus providing the stimulus which the economy needs in a way which creates tha largest number of jobs."

There could be lots of quibbles, even serious arguments, against the motion, of course, but it is still striking that tha Alliance refused to go along with it. So long as that happens, the Government is likely to go on with its insistence that there is no alternative to present policies, and even strengthen them.

The memory comes back of the Budget in 1981 when Sir Geoffrey Howe, the then Chancellor of the Exchequer, was np against it. There were expectations of a U-turn, but instead the Treasury struck back, tightened its fiscal policy and concentrated even more on controlling puhlic expenditure.

At the top of the present Tory Party, that is seen as the decisive moment. Rather than retreat, the Government marched boldly on. The economic and political recovery then began, though the political part of it was to be accentuated by the Falklands War.

It is not inconceivable that Chancellor Lawson will do it again in March: defer tax cuts in order to get a better grip on public spending and in the knowledge that cuts in taxation might be politically more valnable in 1986 wben the next general election will be closer.

There was one particular part of his speech on Tuesday which suggested that that was the way he might be going. Mr Robert McCrindle, the Tory MP for Brentwood and Ongar, intervened towards the end to say that the debate over cuts in direct taxation or putting more money into public apending had become excessively polarised. Was there not a middle way which consisted of reducing employment costs: for example, by pcoviding a boliday on employers' national insurance contributions?

Ashley Ashwood

Nigel Lawson: out of adversity, e Commons comeback

Mr Lawson responded: "That middle way is much closer to the way that I was advocating."

The Chancellor scored a few other points as well, winning nods of approval from his own side which he does not always get, notably by the following remark: "One of the things that we suffer from most is that new businesses were not started 10 to 15 years ago which could have made a major contribution to our economy today."

Thus, out of adversity, Mr Lawson has pcobably gained time and possibly increased his stock within the Tory Party, even if the main factor is the weakness of the opposition.

Seen objectively, bowever, the Government and the Chancellor come out much less well. They failed in communications, both to tha bulk of the press and to tbe currency markets. No one knew what the exchange rate policy was supposed to be.

Mr Bernard Ingham, the Prime Minister's Press Secretary, admits that be made a mistake in not stressing sufficiently to the Sunday press last week that the Government bad already made a move to pcotect the pound by the first rise in interest rates. He dwelt mnch more on why reserves should not be thrown away in shoring it np.

Quite fortuitously, be adds, a member of the Treasury has joined the press office at No 10 Downing Street this week, so sucb mistakes should not be so easily made again. Communications between government departments will be better. Perbaps.

Still, it might help if future statements about exchange rate policy, or anything else, could be made unambiguously and on the record. The group of journalists which makes up the Parliamentary Lobby is now, to its *credit, trying to secure this* end. Ambiguous statements tend to suggest that the Government's policy is itself ambiguous, or not thought out. In this respect, Mrs Thatcher'a administration has been no better than its predecessors.

There can also be no denying that although the Government may have finally acted decisively by restoring the minimum lending rate and raising interest rates again on Monday, it is a setback to what it is trying to do. A large part of its policy is based on trying to bring interest rates down. This has now been deferred, and the Thatcher experiment, will take even longer to implement.

There is the minor, but not insignificant, matter of a possible increase in mortgage rates. Once again there is going to be excessive paper work for the building societies, the banks and the people buying their own bouses. That was not the original purpose of this Government.

There is the mucb more important question, raised by Dr Owen and Mr Edward Heath in Tuesday's debete, of Britain and the European Monetary System. It can be said, and *not only with hindsight*: the Government mada a serious mistake in not seeking to become a full member last December when the oil markets were relatively quiet and the American elections were out of the way.

It would have been a political gesture towards the start of the new European Commission. If the pound had gone in at the wrong rate, it could always have been adjusted, as has been the fate of other Community currencies over the years. And, as Mr Heath argued in the debate from the French example, the EMS bas matured with time: "France may be derided. It went througb far worse circumstances tha we are going through with sterling, and survived them because of the EMS. Moreover, the EMS survived despite France."

Atthe very least, British membership of the EMS could have served as some protection to the rnn on the pound and might bave provided an earlier warning of what was going on. The Europeans could have stuck together, which migbt have been an impressive signal to the markets.

The Government had an ideal moment to go in. It has now lost it. It is almost inconceivable that it could try to enter in the next few months, because it would appear to be in the position of a supplicant and the standing of the pound will pcobably still be unclear.

The reason why it has not joined so far have never been properly explained, except to say that the time was not ripe — thougb it was in December. Historically, this may well be aeen as yet another instance of Britain failing to come to terms with the development of the European Community.

There is even atarker indictment of the present state of the economy, thougb Mr Lawson probably understands it more than most. In Tuesday's debate, Mr Geoffrey Robinsoo, the Labour MP for Coventry North-West, intervened to ask why, if the Deutschemark had also been going down again the dollar, there waa no *panic* in Germany and German interest rates were still 7 per cent as opposed to 12 per cent here.

Running faster to stay in the same place

The Chancellor replied very neatly: "The reason is that the Germans bave succeeded — I admira their success — in bringing the inflation rate down to a much lower level than we have done. Germany bas an inflation rate of less than 2 per cent. That is why the Germans can have that level of interest rate."

It was an honest answer. But it also covers the Government's realisation of how far there is still to go. Other countries, too, have come out of the recession more competitive. That is why Britain has to run even faster in order to stay in the same place. In the absence of a proper opposition, there is no reason to think that the Government will not press on regardless. And it has to be said that the opposition parties have not put forward any convincing alternative.

Lombard

Murmurings of President Delors

By David Housego

M JACQUES DELORS, now President of the EEC Commission, is not a man to flaunt his ambitions. But suspicions that he has by no means cast aside the possibility of one day returning to France as a candidate for the French Presidency are supported by two recent articles in the French specialist Press. In the first, in tha form of an interview, M Delors defenda his record as Minister of Economy and explains his personal credo. The second is a rebuff by M Jecome Vignon, who was in cbarge of macroeconomic policy on bis personal staff, to anybody wicked cnougb to think that the Delors record could be dismissed as "go-stop"—a short burst of reflation followed by a longer spell of paying for the consequences.

The extraordinary paradox of M Delors is that be left the Ministry of Economy with both his national and international stature enhanced, in spite of some chapters in his record of which few Finance ministers would boast.

As Minister of Economy be must in part bear the responsibility for the ill-timed reflation of 1981. Under his stewardship a budget deficit equivalent to 1.8 per cent of GNP in 1981 expanded to a deficit of an estimated 3.5 per cent last year estimated 3.5 per cent last year, according to figures from the Organisation for Economic Cooperation and Development.

France's external debt rose from FFr 187bn at the end of 1981 to FFr 469bn (£47bn) in mid-1984.

Neither of these aspects of the debit side is tackled in the two articles.

How then did M Delors win his laurels? Two elements are important.

The first is M Delors' cole as an educator of both the French Socialist administration and of French public opinion in the realities of international economic life. In many ways the most important legacy of Socialist rule in France has been its transformation of attitudes—the idea of colling back the power of the state, the abandonment of protectionism as a serious instrument of economic policy, and the growth of a new consensus that profits must expand at the expense of wages.

It was M Delors who took the leading role in arguing that the Socialists must give priority to rebuilding the corporate profits and in winning union support for the de-indexation of wages. He also belped steer the left away from the templations of protectionist policies in the devaluation of crisis 1983. He argued that only an open economy was consistent with the Socialists commitment to enlarged co-operation in Europe.

The second element that stands out is the priority that M Delors put on good management—notwithstanding the deficits—over ideology. The left, he says in the interview, must show "that it is capable of managing, and that it is better placed even (than the right) in adapting the economy to the challenges of the future."

He thus stands in the mainstream French tradition of preferring gradual chonge to the type of revolutionary leaps beloved of the French left and of which the 1981 nationalisation were an example. It was bis qualities as a manager that won him the resoect of French business and ultimately of the European governments who chose him for Brussels.

As a potential Presidential candidate, his appeal is to the "gradualists" of left and right who fear that the return of a Right-wing goveroment to power could be accompanied by a backlash that would oush free market policies to Reaganite extremes.

M Delors stakes his gcound on this point, declaring that the new conservatism is as much of an intellectual tyranny as Marxism and must be opposed. M Delors makes clear he stands for the social democrat values of consensus and of a state which provides the framework in which compaoies can compete but which does not usurp the functions of employers or unions.

Does he have much chance of being elected? Both the Socialist left and the Communists will not easily forgive him for imposing on them austerity measures with which they feel ill at ease. But with M Michel Rocard, Minister of Agriculture, he is currently one of the few credible candidates on the left in a contest with M Raymond Barre, the former Prime Minister, or with M Jacques Chirac, the Mayor of Paris.

Letters to the Editor

Profits and research

From Dr J. Howells

Sir, — I am increasingly concerned at the Government's series of cutbacks on pharmaceutical companies' profitability levels, the most recent being reported on January 15. Although these cutbacks make a direct "saving in Government expenditure," overall auch moves result in a long-term loss to the UK economy. Whether the Government likes it or not the UK as a location for pharmaceutical manufacturing and research is jodged on an international basis (and more especially in comparison with the Irish Republic). Recent and prospective cutbacks on drug companies' profits in Brita drug companies' profits in Britain will ensure that the UK is no longer an attractive location for pharmaceutical investment (and job creation).

The Government as a monopsonist dominating large chunks of the UK drug market should not only seek to get value for money as a consumer, bnt should also acknowledge its responsibility in encouraging the growth of an important high-technology industry, such as pharmaceuticals. In its decision to alter drug companies' profit levels, it should seek to take more fully into account its likely consequences on prospective output and employment growth in the industry.

A more specific concern here is that a cutback in profitability tevels will affect pharmaceutical R and D expenditure and employment in the UK. I do not want to enter into a detailed discussion on the relation between how much profits in the pharmaceutical industry are ploughed back into research, but I should mention that the industry's record on this does appear to continue to be good. I estimate from the Government's own figures that R and D expenditure in tha industry represented over 20 per cent of its net output in 1980. Above all, the Government should be encouraging, not discouraging, R and D and innovative activity in a key high-technology industry such as pharmaceuticals. If the Government, as with other observers, is concerned about how much profits are being reinvested into R and D, it should consider substantially improving the tax allowances available to scientific research.

(Dr) Jeremy Howells.
School of Geography,
University of Oxford,
Mansfield Road, Oxford.

Lebanese security

From The Counsellor,
Embassy of the Lebanon

Sir,—I write with reference to an article headed "Israel refuses to set date for pullout talks" (January 8), in which your Tel Aviv correspondent states that "both sides repeated the tough positions which had left the talks on the verge of collapse." In view of the erroneous impression this conveys, I feel it necessary to clarify Lebanon's position with regard to the question of security in ber southernmost region.

Lebanon as a sovereign state cannot allow any force other than the Lebanese army to be the guardian of law and order within her borders. Israel has nevertheless insisted that the so-called South Lebanon Army (Southern Lebanon militia) has a role to play, and demands certain limitations as to the deployment of the legitimate Lebanese Army. These demands are *ipso facto* measures to partition the country. Lebanon's position, on the other hand, is wholly justified by the UN Charter and the inviolable principle of sovereignty. Any reference to Lebanon taking a "tough position" is therefore unfair and misleading.

The Lebanese Government will guarantee security on its southern borders in return for e total Israeli withdrawal. At the same time Lebanon strongly supports the full participation and co-operation of the UN in this respect, as long as it is not used as a buffer force separating one Lebanese region from another.

Hussein Moussawi.
21, Kensington Palace Gardens, W8

Radiation and cancer

From Dr K. Little

Sir, — I have noted with interest your brief report (January 10, early editions) on my final submission to the Sizewell B Inquiry. I note that you say that I formerly worked at the UK Weapons Establishment at Harwell. It is not the Weapons Establishment bnt the Atomic Energy Research Establishment.

You reported that Sir Frank Layfield, the inquiry inspector, bad restricted certain contributions on the grounds of "irrelevance." The particular contribution being referred to here is evidence on the mechanisms of the biological effects of radiation that shows that cancer is very much less likely to be caused by radiation than is usually thought. In particular, there is an abundance of evidence which shows that there is no possible biological mechanism whereby low-dose levels of radiation could cause cancer. This statement is also applicable to the recent leukaemia scare.

In view of the many inquiry days that bave been spent on speculations about the possibility that low levels of radiation might cause cancer, I have considered that evidence to be relevant.

(Dr) Kitty Little.
8, Olney Court,
Marlbocough Road, Oxford.

Timely tax warning

From Mr G. Bannock.

Sir,—David Lascelles' article on composite rate tax (January 12) gave a timely warning tbat this unreclaimable tax will be deducted from personal bank deposit interest after April 5. As yet, probably few people realise that CRT will also be imposed on bank interest earned by all incorporated businesses. *Corporate depositors* are exempt (ther eare no plans for a corporation withholding tax on bank interest) and this discrimination against sole pcoprietors and partnerships is quite unjustified.

Many, if not most, of the million plus incorporated businesses in this country regularly or occasionally maintain deposit accounts to meet tax liabilities (schedule D and VAT), hold advance payments from customers, depreciation and reserves and so on, and are now going *to* lose liquidity and forego interest. Those that are operating at a loss or have a tax liability of less than 25 per cent are going to pay higber taxes than they should. Many more of these depositors are going to bave at least additional complications to cope with—for some, solicitor partnerships bolding client accounts for example, these complications may be quite severe. About two-thirds of all small businesses are unincorporated, and recent research suggests that as a group, they are net depositors in the banking syatem and therefore very much affected by CRT. Because of this, their position should have been carefully studied by the draughtsmen of the 1984 Finance Act. You can be it was not.

Small business interests hardly get a look-in when hroad questions of tax policy are considered because few officials or Ministers understand them and because the small business lobby is not as well equipped as big business to fight for its corner. Through lack of understanding, even where the interest of big husiness and small coincide—as surely in this case where it would belp the banks if unincorporated business as well as companies were exempt from CRT—the big lobbies rarely speak npon their behalf. Much more important tax changes are apparently under consideration for the future and some of them, for example, the tax treatment of pension pcovisions, raise issues which are vitally important to small firms, so that the general point I am trying to make la more important than the specific one of CRT.

All this lends weight to the case for Michael Gryll's Small Business Bill upon which you reported on January 11. This Bill wonld require Ministers to report specifically upon the consequences of legislation for small firms.

Graham Bannock.
53, Clarewood Court,
Crawford Street, W1.

North Sea oil policy

From Captain M. Strong

Sir,—Just two short years ago, cognisant of the finite nature of our national asset, the Government was advocating a depletion policy in North See oil production.

Today, on the brink of an international price war, this policy seems to bave been sacrificed on the altar of sbort-term profit-grabbing by the Treasury while sterling oil prices have never been higher.

It is irresponsible to expect the Organisation of Petroleum Exporting Countries end independent nations such as Mexico to main pcoduction ceilings and cutbacks, while UK and Norwegian North Sea production is increasing full tilt, undermining an already seturated market. For Ministers to hope that nobody will notice our 2.6m barreis per day production while quietly salting eway the proceeds is equaliy absurd.

The realities of a price war are that the Middle East producers' low production costs leave e lot of scope for substantial price cuts while maintaining a healthy profit margin. North Sea producera are not so lucky. Our high development and *production costs leave us* little margin for manoeuvre, and a fall in crude to $20 per barrel would effectively stop North Sea development dead in its tracks.

The effect on sterling, loss of Treasury revanue, loss of opportunity to industry, further unemployment, and risk to capital investment, are all too horrible to contemplate.

It is time now, as a major producer, joined the ranks of nations restricting their output of a valuable finite resource, bring hack some stability to the market and sterling.

(Captain) M. J. Strong
Upper Coullie, Monymusk,
Aberdeenshire.

FINANCIAL TIMES

Friday January 18 1985

CALIFORNIANS BLAME SEMICONDUCTOR PLANT FOR HEALTH PROBLEMS

Silicon Valley fears toxic waste

BY LOUISE KEHOE IN SAN FRANCISCO

MISCARRIAGES and birth defects have occurred at a rate two to three times higher than normal in a Silicon Valley community whose water supply was contaminated by a toxic chemical leak from a nearby semiconductor plant, California health officials have confirmed.

The plant is owned by Fairchild Camera and Instrument, which was the first Silicon Valley semiconductor company to discover that it had leaked toxic chemicals into water supplies, in November 1981. An underground waste solvent storage tank containing trichloroethane and dichloroethylene had been built 2,000 ft from a drinking water well thet served the community of Los Paseos. Both solvents, commonly used in the manufacture of semiconductors, have been linked to nerve, liver and cardovascular damage as well as birth defects.

A group of 500 people have filed a $20m lawsuit against Fairchild, claiming that they have suffered health problems as a result of the leak, and semiconductor companies including Fairchild have spent about $70m trying to clean up leaks that have already occurred. The 120 that have been identified may be less than 10 per cent of the total, according to environmentalists.

The results of a two-year study by California health officials have sounded alarm bells in the Silicon Valley area, which has the highest concentration of semiconductor manufacturers in the world.

They show that the increased health problems in the area not due to maternal health problems or other known factors. "The cause or causes of these adverse pregnancy outcomes are unknown. Contaminated drinking water cannot be ruled out as a contributing cause at this time," according to Dr Kenneth W. Kizer, chief of public health programmes for California.

The California study has eliminated most other possible causes of the birth defects, but experts believe that further studies are needed before more definite conclusions can be drawn. "We may never know for sure what caused these birth defects," admits Dr Kizer. Preliminary results of a subsequent study of the Los Paseos community, after the water source was changed, show a decline in birth defect problems, however.

"Of course it could be moonbeams or sunshine, but common sense suggests that it is water," said Mr Ted Smith, chairman of the Silicon Valley Toxics Coalition, which represents labour, environmental, public health and neighbourhood groups.

Fairchild, however, believes that it is vindicated by the report. "The incidence of birth defects fell at the time of the greatest concentration of chemicals," said a company official. Fairchild, and the authors of the report, also point out that there seems to be no pattern to the types of birth defects found – as might be expected if they were attributable to a single cause.

Ultimately, arguments about the leak may have to be settled in court. In the meantime, Silicon Valley and other semiconductor production centres face considerable uncertainties about the environmental damage that the industry have caused.

Several of the industry's leading companies have already found evidence of toxic leaks, and about $70m has so far been spent by companies trying to mop up. IBM, for example, has spent an estimated $20m trying to clean up a leak at its San Jose plant. Fairchild says it has spent over $16m.

The Semiconductor Industry Association, which represents all major U.S. semiconductor manufacturers, has expressed its extreme concern about the incidence of industrial chemicals accidently leaked into the soil and ground water.

The trade group has sponsored itsm own task force to co-ordinate groundwater clean-up efforts. The group is founded by local companies and aims to encourage joint clean-up efforts

While the major manufacturers have responsed to the problem, there is widespread concern that a growing number of smaller, less experienced companies may be less able or willing to deal with the costs and technical difficulties of handling toxic chemicals.

"The industry uses so many poisonous substances. So far, we have been lucky, but as the number of people using these chemicals increases it gets more dangerous," points out a veteran semiconductor production engineer. "We are sitting on a potential disaster."

ICL job cuts, Page 7; IBM and Apple results, Page 19

UK output shows year-end recovery

By Philip Stephens in London

BRITAIN'S manufacturing output bounced back towards the end of last year as buoyant retail sales fuelled a significant rise in consumer spending.

Official figures released yesterday also show that the pace of productivity gains in manufacturing recovered somewhat after slowing for much of 1984.

The Central Statistical Office said manufacturing output rose 1½ per cent in the three months to November compared with the previous three months to stand 3 per cent above the same period in 1983.

The increase in November alone compared with the previous month was 1 per cent, although Government statisticians are wary of putting too much emphasis on one month's figures.

Overall, however, the latest information confirms a fairly strong recovery in UK industry's output since last summer after a flat performance in the early part of the year.

The best-performing sectors were chemicals and electrical engineering, while the mechanical engineering industry remained in the doldrums.

Total industrial production rose 2 per cent in the three months to November compared with the previous three months, largely because of a sharp increase in North Sea oil output.

The miners' strike continued to depress overall production, however, which despite the latest rise was barely changed from the same period in 1983.

The productivity figures show that in the three months to November output per head in manufacturing was 3½ per cent higher than during the comparable 1983 period.

Productivity growth was still well below the high levels seen in 1983, but the latest months do show the trend improving after worsening at the beginning of 1984.

Meanwhile, consumer spending picked up strongly in the last quarter of 1984 after being relatively flat for the first nine months of the year.

According to CSO estimates the boom in retail sales and a recovery in car sales pushed spending 2 per cent higher between October and December compared with the third quarter.

THE LEX COLUMN

No drips from the long tap

After several wild swings in expectations, the markets had finally steeled themselves yesterday for a fairly substantial increase in the public sector borrowing requirement for December. The actual rise of £0.6bn, combined with a downwards revision for November, was modest enough to push gilts up ⅜ point after a weak opening, though not enough to let the Government Broker back into the market with more of Wednesday's tap stock.

The markets can seek comfort from the fact that though the PSBR may be a little on the high side, there seems to be no urgent need for extra funding, either fiscal or monetary. The Bank has plenty of tap stocks in reserve, which it can let loose into any market rally. And though the ultimate PSBR target may have to be revised upwards slightly, that is not necessarily an indication of fiscal loosening since the Autumn Statement – rather that the miners' strike has dragged on longer than expected.

Monday's assault on the yield curve, meanwhile, will have succeeded in tightening money, at the short end at least. But the fact that the curve is initially downward-sloping seems to imply that the money markets are discounting a return to normal before too many months elapse.

They may, however, be disappointed. The short, sharp shock approach to interest rates is unlikely to be an effective cure for monetary delinquency, let alone a languishing currency. Unless the pound shows signs of positive strength, the Government will be reluctant to ease off soon and run the risk of another interest rate embarrassment later.

The fact sterling was still oscillating yesterday seemed to reflect differing views about how effective the Government's policy had been. On the one hand, some U.S. investors thought the exchange rate risk low enough to justify a bit of arbitrage between two-year Treasuries and their equivalent gilts – picking up 1½ points of yield in the process. On the other, there was talk of wholesale selling of gilts by the more conservative Europeans.

S & W Berisford

There is nothing about the 1984 results of S. & W. Berisford to suggest that its cold-shouldering by the stock market is any nearer an end.

Granted that the Erlanger tube disaster is now a year into the past – on its own making this year's bottom line looks more attractive by a good £40m – the pre-tax of £80.2m for the year to September is really not much more than respectable.

The prospect of a bleak 1985 in the sugar beet industry, leaving a shortfall of about £10m of pre-tax profits at British Sugar, is not going to permit a lot of optimism about Berisford's progress this year.

Not that Berisford should have too much trouble producing a decent showing, with pre-tax profits at about the same level as in 1984. Even if there are no gushers in the U.S. oilfields, or spectacular successes in the new activity of bond dealing, Berisford has a comfortable reserve of potential dealing profits.

Its stake in Ranks Hovis could bring in a book profit of more than £25m – probably above the line – and if Billingsgate is sold prematurely, it could also count as a revenue item.

The trouble is that profits of this type will not reassure anyone as to Berisford's longer term earnings potential. Its original commodity trading business has always been regarded by the stock market as something of a black box, and it may be difficult to persuade outsiders that adding more financial service elements to the dealing mix can make the entire cocktail essentially more stable.

That said, there is a reasonable chance that British Sugar can benefit from the new EEC sugar regime – but not before 1986. Meanwhile, a prospective 9 per cent yield must help.

MFI

MFI has shown once again that the business of fast furniture is not only fun but profitable, announcing pre-tax results for the half-year to November up by 22 per cent to £19m amid all the right noises on pre-interest trading margins and sales per square foot.

Having hit on the genial formula of building ever more stores, standing closely behind suppliers and changing products rapidly, MFI seems to have convinced the market that things can gon for ever. The shares, down 3p to 248p yesterday, are trading at 18 times prospective earnings.

If there is a cloud on MFI's horizon, it is probably not anxiety about the mortage rate, which the group weathered fairly easily last time round in the summer, while the general outlook for consumer durables is quite good. The group seems quite capable of making just as good margins out of carpets, having learned all about them from selling those of Mr Phil Harris on a concession basis.

Financially, MFI could scarcely be sounder after its £29m rights issue. Even with 4m square feet built and operating by next May, the group will be showing only £10m of net debt to shareholders' funds of around £115m. It will be well placed to finance U.S. expansion should its modest Philadelphia kitchen venture prove worth more than a toe in the water.

The obvious problem is that the scramble for out-of-town sites is driving property prices up sharply and must raise questions whether MFI can really go on adding 1m square feet a year for the next couple of years or until saturation, whichever is earlier. Meanwhile, the rating is no bargain.

Bundesbank leaves key rate unchanged

By Jonathan Carr in Frankfurt

THE BUNDESBANK has decided not to raise its key interest rates for the present, despite the relative weakness of the D-Mark against the dollar and the danger this poses of importing inflation into West Germany.

As a result of the decision yesterday by the central bank council, the Lombard rate thus stays at 5½ per cent, its level since September, 1983, and the discount rate at 4½ per cent, its level since last June.

Some members of the council are known to have favoured at least a modest rise in the Lombard rate, as a signal which might help bolster the D-Mark and stem long-term capital outflows, which markedly increased late last year.

Others, evidently a majority, believed that a small boost would do little to help the currency and that a big interest rate increase could damage prospects of domestic economic recovery.

The dollar gained slightly after the Bundesbank's decision was announced but is still hovering just below the DM 3.20 level. Nonetheless, it is consistently touching peaks against the German currency not seen for more than a decade.

The Bundesbank's "hands-off" policy will please the country's leading commercial banking associations, which have almost unanimously warned in the last few days of the consequences of an interest rate rise.

But it is widely felt that if the dollar were to surge up towards the DM 3.30 level, then the central bank would feel it had little option but to raise key rates – perhaps by a full percentage point.

Although the West German cost of living is only rising by about 2 per cent at an annual rate, the surging dollar has brought a sharp rise in German import prices in recent months.

The Bundesbank is known to feel that, although the boost in import prices takes time to become evident in the overall inflation rate, the danger is already there – and growing.

This inflation factor is now starting to outweigh for German monetary authorities the benefits which a relatively weak D-Mark has so far had for the country's exporters.

Frankfurt bourse hits record, Page 27

Dunlop directors make £2.6m 'profit' on stock market return

BY CHARLES BATCHELOR IN LONDON

DUNLOP HOLDINGS bounced back on to the London stock market yesterday with a sparkling performance which gave Sir Michael Edwardes, its chairman, and two other directors, an immediate notional profit of £2.6m on share options they will hold under a refinancing package agreed while the tyre and rubber products group's shares were suspended.

Sir Michael Edwardes

Sir Michael, who will earn a total salary of £156,000 ($174,000) this year from Dunlop, has options on 21m shares. Mr Robin Biggam, finance director, has options on 15.7m shares and Mr Roger Holmes, planning director, has options on 10.5m shares.

The three men have options – exercisable from 1987 – on shares amounting to 5 per cent of Dunlop's increased equity.

Dunlop's shares returned to trading from their six-week suspension at 22p. They rose rapidly, however, to close at 31p – a premium of 17p on the 14p price established under the £142m refinancing package agreed on Tuesday.

Taking into account planned rights issue of 15 new shares for every seven already held, the true value of Dunlop's shares yesterday was 19½p – a premium of 5½p.

Mr Nigel Roberts of stockbrokers James Capel said: "The share has run ahead of itself. It's covered in one day the ground we thought it would over in six to nine months. One reason must be thet there are few recovery stocks left."

Mr Bob Barber of Phillips and Drew commented: "The institutions and banks which have backed the refinancing are locked into their shares so the market has yet to be tested. It would not take much for it to swing the other way."

Dunlop was able to take advantage of a generally buoyant stock market, with the FT 30 Share index rising 5.9 points to close at a new record high of 987.2.

American investors barred from taking up their rights by U.S. securities regulations are expected to sell the rights.

The Dunlop reconstruction – including the directors' share options – still require the approval of 75 per cent of the votes cast at a special shareholders' meeting on February 8.

Prospects after the reorganisation, Page 14

UK blocks Laker documents

BY DUNCAN CAMPBELL-SMITH IN NEW YORK

THE BATTLE of wills between the British Government and the U.S. judiciary over the civil anti-trust case against British Airways and 10 other airlines has been taken a stage further with the UK Department of Trade and Industry refusing consent for two of the defendants to produce documents located in Britain.

The DTI has turned down written requests from BA and Pan American World Airways to hand over the documents for use in the anti-trust case brought by Mr Christopher Morris, liquidator of Laker Airways.

Pan Am said yesterday it was disappointed at the refusal and had asked the U.S. State Department to help it try to change the UK Government's attitude.

In correspondence filed with the U.S. Federal District Court of Washington within the last 14 days, the DTI relates the request directly to the dispute between the two governments over the application of U.S. anti-trust law to competition on the North Atlantic air routes. President Reagan has closed criminal proceedings, but the DTI says "this dispute remains unresolved."

Both letters conclude that Mr *Norman Tebbit*, the *Trade and Industry* Secretary "has considered your applications in the light of all these circumstances. As matters stand at present he has decided not to grant them."

The letters were sent during Christmas to Slaughter and May, the London solicitors acting on behalf of Pan Am and to the U.S. counsel for BA in Washington.

The Government's continuing stand against co-operating fully with the U.S. civil court poses a dilemma for both airlines, said Mr Gregory Buhler, deputy legal counsel at Pan Am.

"We are concerned that we should be placed in a position of being between a rock and a hard place," said Mr Buhler, "between, that is, sanctions against us in the civil suit and sanctions by the UK Government."

Mr Tebbit's latest response also underlines the contrary position being taken over the issue by the British Government and the Law Lords. In July last year, the Lords finally turned down a year-long attempt by BA and some of its co-defendants in the civil suit to block its progress with an injunction in the UK courts.

They upheld an earlier High Court ruling thet, if there was indeed an anti-trust charge to be answered, "it would seem a manifest injustice to allow them to escape ..."

In the same July judgment, the Law Lords also ruled that BA was not precluded by the 1980 Protection of Trading Interests Act from *sending documents over to the* U.S. court from Britain. They noted, however, that permission would still be required for this from the DTI, which is what has now been refused.

The public filing of the DTI letters comes at a particularly sensitive time in relations between the UK authorities and Judge Harold Greene, who is presiding over the civil suit. On December 20, Judge Greene withdrew a prohibition placed by him last October on BA – and on British Caledonian, one of BA's co-defendants – which required them not to communicate at all with the UK Government or with parliament in case they should interfere with his court in the process.

Judge Greene, in retreating from this position, noted that his concession implied a degree of trust in the UK Government thet it would take no action to attempt a foreclosing of the anti-trust case.

He ruled it was "difficult to believe that any civilised nation would enact a law ... which would make it a criminal offence" for any party to his court to co-operate with its proceedings.

While the DTI's dismissal of the BA and Pan Am requests clearly falls far short of a blocking action on this scale, it nevertheless seems likely to strike a jarring note in Washington. Judge Greene is at present on holiday and has made no public comment on the latest development in a protracted battle over *the limits of his own jurisdiction*.

Efforts are continuing to try to find an out-of-court settlement of the civil case. The DTI letters explicitly remark that the UK and U.S. Governments both need the disputes "to be resolved as soon as possible."

Israel names bank team

By David Lennon in Tel Aviv

A JUDICIAL commission of inquiry into the Israeli bank share price collapse of October 1983, which threatened the stability of the banking system, was named yesterday by Justice Meir Shamgar, President of the Supreme Court.

The decision to appoint the commission follows the publication of a scathing report by the State Comptroller at the end of last year after an investigation of the role of state bodies in the crisis.

The collapse wiped 50 per cent off the stock market value of the bank shares, which at the time had a face value of $7bn and represented two thirds of the total value of shares listed on the exchange.

The State Comptroller was not empowered to investigate the activities of non-state bodies, such as the banks, but the report did pointedly describe the actions of the commercial banks in the stock market as "manipulative regulation."

The five-member commission will be headed by Supreme Court Justice Moshe Bejski. It will have *wide-ranging* powers to investigate all the "facts and factors which brought about the regulation of bank shares from the beginning and up to the October 1983 crisis," as decided by parliament's state control committee last week.

Trouble at the banks, Page 3

Mitterrand takes risk with visit

Continued from Page 1

had been killed there, or in Bayonne after the violence in the Basque country.

Such visits have often been "paying off" in crude image terms as a demonstration of his courage – though they provoke cynical reactions as well. A French settler in Noumea, the New Caledonian capital, was quoted yesterday by Agence France Presse as saying: "I am revolted that he is coming ... if it is with preconceived ideas it is not worth the trouble."

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	-	—	—	Dubrovnik	S	9	48	Malaga	F	13	55	Salzburg	-	—	—
Akrotiri	F	12	54	Faro	C	14	57	Malta	R	11	52	Seoul	F	-3	27
Algiers	C	11	52	Florence	C	8	46	Manila	F	31	88	Singapore	S	30	86
Amsterdam	S	-6	21	Frankfurt	C	-4	25	Miami	C	22	72	Stockholm	C	-6	21
Athens	D	8	46	Funchal	R	17	63	Milan	C	2	36	Strasbourg	C	-6	21
Bahrain	F	20	68	Geneva	C	-4	25	Moscow	Sn	-5	23	Sydney	F	24	75
Bangkok	F	33	81	Gibraltar	-	—	—	Munich	F	-7	19	Taipei	F	23	73
Barcelona	F	9	48	Guernsey	C	-4	25	Nairobi	-	—	—	Tangier	-	—	—
Beirut	F	17	63	Helsinki	Sn	-5	23	Naples	F	10	50	Tehran	-	—	—
Belgrade	S	-4	25	H. Kong	F	18	64	New Delhi	S	17	63	Tel Aviv	C	19	66
Berlin	S	-11	12	Innsbruck	-	—	—	New York	C	-3	27	Tenerife	C	18	64
Biarritz	C	8	46	Inverness	D	2	36	Nice	S	9	48	Tokyo	S	5	41
Blackpool	Sn	-5	23	Istanbul	F	5	41	Oporto	C	14	57	Toronto	C	-5	23
Bordeaux	S	2	36	Jersey	C	-7	19	Oslo	S	-9	16	Tunis	C	10	50
Brussels	Fg	-6	21	Jo'burg	-	—	—	Paris	C	-7	19	Valencia	R	8	46
Budapest	S	-3	27	Las Palmas	F	18	64	Prague	S	-5	23	Venice	C	2	36
B. Aires	-	—	—	Lima	F	25	77	Reykjavik	F	2	36	Vienna	S	-6	21
Cairo	C	28	82	Lisbon	R	15	59	Rio de J'o	R	34	93	Warsaw	S	-10	14
Cape Town	S	23	73	Locarno	F	3	37	Rome	S	12	54	Zurich	S	-6	21
Caracas	C	27	81	London	S	-3	27								
Casablanca	F	13	55	Los Angeles	F	21	70								
Copenhagen	S	-4	25	Luxembourg	C	-6	21								
Corfu	-	—	—	Madrid	D	2	36								
Dublin	F	-2	28	Majorca	C	12	54								

Readings at mid-day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Snow Report

EUROPE

Andermatt (Sw.)	55–170 cm	Good skiing on all runs
Arosa (Sw.)	50– 70 cm	New snow on good base
Grindelwald (Sw.)	20– 70 cm	Good skiing above 1500m
Gstaad (Sw.)	13– 35 cm	Worn patches on most slopes
Kitzbühel (Au.)	10– 35 cm	Worn patches on all runs
Klosters (Sw.)	30–120 cm	Good skiing on upper slopes
La Plagne (Fr.)	30–110 cm	Most slopes upper worn patches
Mürren (Sw.)	40–130 cm	Good skiing on very light fall
St Anton (Au.)	30–160 cm	Skiing good above 2000m
St Moritz (Sw.)	115–170 cm	Perfect pistes and powder
Val Thorens (Fr.)	50–125 cm	Good skiing on upper pistes
Wengen (Sw.)	30– 60 cm	Lovely skiing on lower slopes
Zermatt (Sw.)	35– 95 cm	Upper new snow on hard base

European reports from Ski Club of Great Britain representatives.

U.S.

Aspen (Col.)	30– 35 ins.	Press powder; 95% runs open
Sugar Bush (Ver.)	6– 25 ins.	25 runs open

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Friday January 18 1985

FOURTH-QUARTER EARNINGS SHOW SLOWDOWN IN GROWTH

Strong dollar limits IBM gains

BY PAUL TAYLOR IN NEW YORK

IBM, the world's largest computer maker, yesterday reported a 16.6 per cent increase in fourth-quarter net earnings to $2.172bn, or $3.55 a share, and a 20 per cent gain in the full year to $6.582bn, or $10.77 a share.

However, Mr John Opel, chairman, also highligbted the "severe impact" the strong dollar had on 1984 sales and earnings outside the U.S. Gross income (sales and revenues) in 1984 from non-U.S. operations increased by 8.9 per cent to $18.568bn from $17.053bn, and non-U.S. net earnings increased by 18.6 per cent to $2.587bn from $2.164bn in 1983.

Mr Opel said: "Shipments of our products reached higb levels in many non-U.S. countries as economic activity increased during the year. Despite this success, the stronger dollar, relative to other major currencies, bad a severe impact on period-to-period financial comparisons.

"It is estimated that if currency rates had remained the same as in 1983, gross income for non-U.S. operations would have been $1.675bn higher, resulting in non-U.S. gross income growth of 18.7 per cent and a corresponding net earnings growth of 32.4 per cent."

The impact of currency exchange rates was particularly hard felt in the fourth quarter. IBM said that, had it not been for the stronger dollar, worldwide gross income would have been $690m bigher than in the corresponding 1983 final quarter, yielding a revenue growth rate of 17.7 per cent and a corresponding net earnings growth of 24.6 per cent.

The IBM cbairman warned: "If the strong dollar continues at the present level, it will impact 1985 non-U.S. revenue growth as reported in dollars, particularly in the first six months."

This is the second consecutive quarter in which the company has highlighted the dollar "problem," which is expected to feature strongly in fourth-quarter comments from the chief executives of other majnr U.S. multinationals.

Overall, IBM's fourth-quarter and full-year earnings and total revenues were much as Wall Street expected, althougb the percentage gains were behind those registered in earlier quarters.

Mr Opel said: "IBM's strong performance reflects continuing higb demand worldwide for IBM products and services during 1984. Earnings also improved as a result of substantial productivity gains in 1984, as reflected by increases in our before and after-tax margins."

After-tax margins increased to 14.3 per cent in 1984 from 13.7 per cent in 1983, while earnings befnre taxes increased by 18.9 per cent to $11.623m from $9.94m resulting in an improved before-tax margin of *25.3 per cent compared* with 24.7 per cent in 1983.

Worldwide gross income grew by 14.3 per cent to $45.937bn from $40.18bn in the full year and by 12.4 per cent to $14.496bn from $12.897bn in the final quarter with revenue growth from U.S. operations increasing by 18.3 per cent in the full year.

The results continue to reflect IBM's switch from rentals to sales. For the quarter, worldwide sales increased by 20.7 per cent to $10.445bn, and service revenues grew by 22.5 per cent to $2.689bn, while rental revenues fell by 33.4 per cent to $1.382bn from $2.045bn in the 1983 period. For the full year sales revenues grew by 27.8 per cent to $29.753bn, service revenues grew by 25.1 per cent to $9.605bn and rentals fell by 28.7 per cent to $8.579bn.

Mr Opel, who will step down as chief executive, while remaining chairman, on February 1, said: "Worldwide shipments increased *significantly over 1983, supported* by strong nrder activity and a steady flow of new product introductinns. We remain confident in our future."

Apple sees record earnings and sales

By Louise Kehoe in San Francisco

APPLE Computer nf the U.S. bas reported record sales and earnings for its first fiscal quarter ending December 28. Net earnings increased eightfold over the same period last year to $46m, nr 75 cents per share, from $5.8m, or 10 cents per share. Sales were $698.2m against $318.2m in the previous year.

"Apple was the big winner during the bnliday season, selling about 500,000 computers," said Mr John Sculley, president and chief executive. He said, bowever, that Apple believes retail sales of all types of personal computers, including Apple's own models, fell below dealers' expectations in December, "expanding inventory on band at the dealer level."

His view is supported by widespread discounting. Apple's Macintosb and Apple II products are being sold at little more than dealer's costs by many retailers.

The narrow profit margin on which many U.S. computer retailers now operate could pusb several computer stores out of business, Mr Sculley said. Apple has instituted a special programme to collect receivables from dealers, be said.

"This and the continuing industry transition througb a fragile and very competitive market place will make the next quarter extremely challenging," said Mr Sculley.

However, Apple's "product and marketing strategies appear to be correct for the task at band," be added. Apple will begin a new thrust into the office automation market next week at its annual stockholders' meeting.

P & G spends $500m to revive diaper market

BY WILLIAM HALL IN NEW YORK

PROCTER & Gamble, the giant U.S. consumer products group, is spending over $500m rebuilding its 10 disposable diaper plants around the world, in a bid to reverse the declining market sbare of its most important product line.

The investment, which will be accompanied by unspecified write-offs of existing production facilities, some nf which will be scrapped, is the biggest capital investment in the company's history and will reduce its earnings fnr the first time in more than three decades.

Procter & Gamble produces over half the 18bn disposable baby nappies sold every year in the U.S. and claims that in all the countries wbere it operates its share of the market is more than twice that of its competitors. The U.S. market is worth $2.7bn a year, and the rest of the world is worth another $2bn.

The Cincinnati-based group has traditinnally been rather coy about the financial returns of its more than 70 products, but its consistent earnings growth in recent years has been due in some considerable part to the success of its Pampers and Luvs disposable diaper brands, whicb are thought to contribute over a fifth of its profits.

Recently, Procter & Gamble's dnminance nf the world diaper market has been challenged, and its share has been slipping in competition with companies like Kimberly-Clark and New Materials.

Mr Sanford Weiner, a group vice-president nf P & G, said in New Ynrk yesterday that the mnre than $500m investment was "a very, very majnr business commitment with huge business implications" for his company, which earned $890m nn sales of $12.9bn in its last financial year.

At a time when the market for many nf P & G's traditional consumer products is showing limited growth, Mr Weiner says the disposable market still has considerable growth potential, particularly overseas. Dispnsable diapers make up 75 per cent of the U.S. market, but clnth diapers are still more popular in most fnreign markets.

Just over half the investment will go into P & G's five U.S. disposable diaper plants, and the rest will go on foreign plants in Canada, West Germany, Japan and Saudi Arabia.

Better sales fail to offset Von Roll loss

By John Wicks in Zurich

VON ROLL, the Swiss engineering group, expects to show another net loss despite a 14 per cent rise in turnover to an estimated SwFr 1.29bn ($483m).

The loss will, however, be "substantially lower" than the 1983 figure of SwFr 27m and is due to a final round of restructuring and plant closure costs. The group believes it produced an operating profit for last year.

Von Roll has been hit by a series of losses in the past eight years, broken only by a balanced profit-and-loss account in 1980 and a minimal SwFr 2m net profit the following year. Apart from a payment of SwFr 25 in 1981, the Gerlafingen-based parent company has paid no dividend since 1974.

The improved sales figures for 1984 are attributed largely to higher demand in the steel sector. Some 3 per cent of the turnover growth was due to higber exchange rates.

Matsushita to buy part of Xerox disk drive business

BY OUR NEW YORK STAFF

XEROX, the world's biggest manufacturer of copying and duplicating equipment, is disposing of its loss-making Shugart computer disk drive subsidiary and taking a $85m after-tax charge.

Part of Shugart's business will be sold to Matsushita Communications Industrial of Japan, which has signed a letter of intent to buy the U.S. company's 5¼-inch flexible disk drive business. The Japanese company currently manufactures the 5¼-inch flexible disk drive for Shugart and would continue to make it available in the U.S. through its affiliate, Panasonic.

The decision to phase out the business of the California-based Sbugart stems from overcapacity in the disk drive industry and because its activities were not "strategically important to the corporation's long-range plans." Shugart, a one-time leader in the business, failed to hold its position in the market for 5¼-inch disk drives used in personal computers.

Sbugart's long-term effort to develop optical data storage systems had been expected to give the company a much needed boost, but Xerox recently spun off the division into a separate company. Over the past year and a half Shugart's workforce has been cut from 3,900 to 1,650.

Sbugart makes disk drives for other manufacturers' personal computers and word processors. Xerox said that rather than invest in a long and costly recovery programme for Sbugart, it felt its most prudent course was to make an orderly exit from the business. Xerox plans to allocate its resources to business areas that are strategically relevant and offer attractive profit potential.

Xeros is talking with other companies regarding the sale of other Shugart product lines. Depending on the progress of these talks Shugart will begin phasing out product lines.

General Electric maintains growth

BY OUR NEW YORK STAFF

GENERAL ELECTRIC, the U.S. manufacturing group, bas reported a further steady rise in net profits, with fourth-quarter income up 12.6 per cent from $579m to $652m.

The latest profits – equivalent to $1.44 a share against $1.27 last time – take net earnings for 1984 to a record $2.28bn, or $5.03 a share, from $2.02bn, or $4.45, in 1983.

Sales in the fourth quarter rose from $7.43bn to $7.98bn and from $28.8bn to $27.95bn in the year. The sales figures have been adjusted to reflect the sales of most of the Utah Interoational natural resources business and the housewares division in the 1984 second quarter.

Mr John Welch, chairman, said the continued solid earnings growth in 1984 reflected tight cost controls and continuing emphasis nn productivity improvements, as well as generally good domestic economic conditions.

Consumer-related business such as major appliances, lighting and plastics bad sharply higher earnings, but the rate of sales increase slowed in some markets as the year progressed. There was also a strong performance in aero-engines and financial services.

However, total export sales from the U.S. were down 10 per cent *from 1983, and international* markets for construction projects, especially in Latin America, remained "spotty or stagnant."

First quarter plunge for Burlington

By Terry Byland in New York

ANOTHER MASSIVE fall in earnings was suffered in the first quarter by Burlington Industries, the leading U.S. textiles group. Net earnings collapsed from $28.7m, nr $1.00 a share, to $4.6m, or 16 cents, as the group struggled with the problems nf the textile industry, which cut net earnings by 30 per cent to $2.18 a share in fiscal 1984.

Mr William Klopman, chairman and cbief executive, said he expected the "strong action" initiated in last year's final quarter to provide the basis for "an improving earnings pattern in the remaining quarters of fiscal 1985."

Sales dipped by only 15 per cent to $653m in the first quarter whicb ended nn December 29.

Tandy profits turn lower at six months

By Our New York Staff

TANDY, the U.S. microcomputer and electronics manufacturing and retail group, yesterday reported a sharp 24 per cent drop in its fiscal second quarter earnings, the second consecutive year-on-year quarterly decline.

The results, like the fiscal first-quarter year-on-year decline, reflect the impact of competition and resulting price war in the U.S. microcomputer market on Tandy's sales.

The Texas-based group, whicb sells a broad range of products through its *Radio Shack* and Tandy retail stores, recently announced a joint-venture European distribution company with Applied Computer Techniques (ACT) of the UK. The company said its earnings in fiscal year ending December 31 fell to $78.55m, or 86 cents a share, from $101.24m, or 96 cents a share, in the year-ago period on sales which remained flat at $893.3m compared with $898.3m.

The latest results cut fiscal first-half earnings to $113.9m, or $1.26 a share, on sales of $1.49bn compared with $160.9m, or $1.54 a share, on sales of $1.48bn.

Flotation for Fuchs group

By John Davies in Frankfurt

THE FUCHS lnbricants group is offering non-voting preference shares to the public in the latest West German bourse launching and envisages a further opening up to outside investors in future.

The preference shares amount to 30 per cent of the capital of Fuchs Petrolub Oel & Chemie, a bolding company for 10 West German subsidiaries with sales of DM 306m ($95.9m) last year.

The issue, arranged by a consortium led by Deutsche Bank, is raising DM 18m through the sale of shares, each with a nominal value of DM 50, at a price of DM 100.

Dr Manfred Fuchs, chief executive, said yesterday that ordinary shares would also come to the bourse at an unspecified time

$50m joint venture setback for Fairchild

BY ANDREW BAXTER IN NEW YORK

FAIRCHILD Industries, the Maryland-based aerospace company, bas established a $50m pre-tax reserve because of engine problems and production delays on the Saab-Fairchild 340, a 35-seat twin turboprop airliner developed in a $1bn joint venture with Saab-Scania of Sweden.

The reserves will cause a significant loss for the fourth quarter and "substantially offset" 1984 net earnings. In 1983 Fairchild, which is also involved in U.S. government programmes including the space shuttle, reported net profits of $28.4m, or $1.51 a share, on sales of $881.6m.

Deliveries of the SF 340, for which Fairchild manufactures the wings and tail section, began in June, but Fairchild now says that from August to November several failures of the General Electric CI-7 engines halted passenger fligbts for a time. The aircraft was grounded by U.S. and European authorities while the problem was corrected by the substitution nf modified engines.

There were also production delays at Saab's Linkoping plant in Sweden, wbere fuselage construction and final assembly takes place. The delays and engine difficulties seriously reduced the required production rate for the parts Fairchild makes.

Fairchild added that inefficiencies caused by these problems, and other difficulties not uncommon in the start-up of aircraft production, would raise the cost of the 340 programme above previous estimates. Investment in the 340 bas been split roughly equally between Saab and Fairchild.

Twelve 340s were delivered last year, and there are 53 orders outstanding. The aircraft is aimed mainly at regional commuter airlines.

U.S. aluminium producer triples profits

By Andrew Baxter in New York

REYNOLDS METALS, the second largest U.S. aluminium producer, mnre than tripled fourth-quarter net profits due to lower costs and a shift to a higber value product mix.

Net income jumped from $12.3m, or 55 cents a share, to $38.4m, or $1.77, with the latest period buoyed by a $6.3m tax credit. For the year, Reynolds turned from a $99.1m loss in 1983 to profits of $137.3m. This includes a $18.8m tax benefit, offset by a $14.8m closure charge.

Sales slipped from $846.8m to $839.8m in the quarter but rose from $3.34bn to $3.73bn in the year. Reynolds' fourth-quarter figures contrast sharply with those of Kaiser Aluminum and Chemical, which earlier this week reported a $27.8m loss caused partly by sharply lower primary aluminium prices.

Interfirst at $13.6m in fourth quarter

By William Hall in New York

INTERFIRST, the Texas bank whicb annnuced heavy losses in energy lending in late 1983, bad net income of $13.6m in the fourth quarter nf 1984 compared with $7.7m last bme. However, it has warned that any further weakness in nil and gas prices could lead to increased provisions which could offset any profits nn the sale of its Dallas office blocks.

Interfirst, whose losses of $171.6m for the wbnle of 1883 helped shake confidence in Texas banks, returned to profit in 1884, but its net income of $117.8m was bolstered by a $70m gain on the sale of its interest in the Interfirst Two building. The bank plans to take advantage of the extremely strong Dallas property market to sell a secood office tower, Interfirst One.

While Interfirst's provision and charged-off levels in 1984 were lower than the record levels of 1883, they were still substantial and a serious drag on the group's profitability. For the year, the group charged off $217.8m. By contrast, its rival Republicbank charged off $80m.

Interfirst's non-performing assets continued to fall and by year end were $763m. By contrast, Republicbank, wbose total assets at year end of $21.6bn matched those of Interfirst, had non-performing assets of $473.4m.

UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

In re:
DEAK & CO., INC.,
d/b/a DEAK-PERERA PUERTO RICO,
f/k/a THE PERERA CORPORATION,
f/k/a PERERA COMPANY, INC.
DEAK-PERERA INTERNATIONAL BANKING CORPORATION, f/k/a PERERA INTERNATIONAL BANKING CORPORATION COMMONLY KNOWN AS DEPEBANCO,
DEAK PERERA WALL STREET, INC.,
d/b/a DEAK-PERERA PUERTO RICO,
f/k/a THE PERERA CORPORATION,
f/k/a PERERA COMPANY, INC.
Debtors.

In Proceedings For a Reorganization Under Chapter 11.
Case No. 84 B 11680 Through 84 B 11682 Inclusive (BRL)

NOTICE OF HEARING TO CONSIDER SALE OF STOCK OF FOREIGN COMMERCE BANK OWNED BY DEAK & CO., INC.

TO ALL CREDITORS OF DEAK & CO., INC., ET AL AND OTHER PARTIES IN INTEREST HEREIN:

PLEASE TAKE NOTICE that on February 11, 1985, in Room 237 of the United States Courthouse, Foley Square, New York, New York, at 2:00 in the afternoon of that day, a hearing (the "Hearing") will be held before the Honorable Burton R. Lifland, United States Bankruptcy Judge, to consider the application (the "Application") of Deak & Co., Inc. ("Deak") and the other above-captioned debtors and debtors in possession (collectively the "Debtors") dated January 9, 1985 seeking the entry of an order.

(1) Authorizing Deak to sell all of its right, title and interest in and to the stock of Foreign Commerce Bank (the "FOCO Shares") pursuant to §363(b) and (f) of the Bankruptcy Code to:

(a) Dow Banking Corporation ("DBC"), pursuant to that certain stock purchase agreement dated December 14, 1984 (the "Agreement") on file with the Court, or

(b) Such other third party as may make a higher or better offer than that made by DBC for the purchase of the FOCO Shares; and in such event, pursuant to the Agreement as modified by such successful third party offer;

(2) Approving the Agreement or any third party modification thereof proposed in accordance with this notice, and authorizing the Debtors to execute such documents and do other such things as may be necessary to consummate the Agreement;

(3) Decreeing and adjudging that the sale of the FOCO Shares shall be free and clear of all liens, claims, and encumbrances (collectively the "Liens"), which Liens shall attach to the proceeds of such sale with the same force, effect and validity which they now have against the FOCO Shares,

(4) Directing Foreign Commerce Bank and Bank Leu, A.G. to transfer the FOCO Shares to Deak to the extent necessary to consummate the sale of the FOCO Shares;

(5) Authorizing Deak-Perera International Banking Corporation to consent to the sale of the FOCO Shares;

(6) Authorizing Deak-Perera Wall Street, Inc. to cause Deak-Perera Far East, Ltd. to consent to the sale of the FOCO Shares to the extent of its power and ability to effect such consent; and

(7) Granting such other and further relief to the Debtors as may be just and proper.

PLEASE TAKE FURTHER NOTICE that the Agreement contemplates a sale of at least 95% of the FOCO Shares for a purchase price of SFr 1,200 (1,200 Swiss Francs) (approximately U.S. $480) per FOCO Share, payable in Swiss Francs in two installments. The first installment shall be paid at the closing of the sale, and the second installment (which shall bear interest at the Credit Suisse Certificate of Deposit rate in effect) to be paid one year from the date of closing. In addition, the purchase price shall be subject to the following adjustments:

(a) Deductions from each installment due under the Agreement for Deak's purchase (simultaneously with the closing of sale of the FOCO Shares) from FOCO of (i) FOCO's forty-nine (49%) percent interest in Deak-Perera U.S., Inc. for the price in Swiss Francs equal to U.S. $6,500,000 (approximately SFr 16,250,000), and (ii) FOCO's Shareholdings in Deak National Bank for the purchase price of SFr 4,200,000 (approximately U.S. $1,680,000);

(b) Deductions or additions (as the case may be) to the purchase price in an amount equal to the amount by which *the adjusted net asset value per FOCO Share at December 31, 1984*, is greater or less than SFr 1070 (approximately U.S. $428), which represents the book value of each FOCO Share as at December 31, 1983; and

(c) Deductions from the second installment for any losses or claims asserted prior to the payment thereof or any damages resulting to DBC from any breach of representation or agreement by Deak.

The terms and conditions of the proposed sale of the FOCO Shares to DBC are set forth in the Agreement, a copy of which is annexed as Exhibit "A" to the Application which has been filed with the Clerk of the Bankruptcy Court and is available for examination by interested parties during regular business hours.

PLEASE TAKE FURTHER NOTICE that the Hearing may be adjourned from time to time without further notice to creditors or other parties in interest other than by an announcement of such adjournment on the date scheduled for the Hearing.

PLEASE TAKE FURTHER NOTICE that at the Hearing, the Court will consider the Agreement and any higher or better offers which may be made in accordance with this notice. Any party wishing to make what it considers to be a higher or better offer to purchase the FOCO Shares must, pursuant to order of the Bankruptcy Court, comply with the following procedures:

(a) Each bidder must reduce its offer to writing, which must be received by: (i) Deak & Co., Inc., 29 Broadway, New York, New York 10006, Attn: Mr. Otto E. Roethenmund, (ii) Counsel for Deak & Co., Inc., Levin & Weintraub & Crames, 225 Broadway, New York, New York 10007, Attn. Herbert Stephen Edelman, Esq., (iii) counsel to Dow Banking Corporation, Milbank, Tweed, Hadley & McCloy, 1 Chase Manhattan Plaza, New York, New York 10005, Attn: Barry G. Radick, Esq., and Michael Brian Hopkins, Esq. and (iv) counsel to the committee of unsecured creditors, Anderson Russell Kill & Olick, 666 Third Avenue, New York, New York 10017, Attn: Arthur Olick, Esq., on or before February 4, 1985;

(b) Each offer shall specifically set forth any modifications to the Agreement which the competitive bidder would require;

(c) Offers which reflect modification of the Agreement to the extent of an increase in the purchase price shall be in increments of at least SFr 1,250,000 (approximately U.S. $500,000) greater than Dow's offer, based upon a gross purchase price of SFr 120,000,000 (approximately U.S. $48 million) for 100% of the FOCO Shares, subject to the same adjustments contained in the Agreement; and

(d) Each bidder must deliver to Deak a certified check, or other form of downpayment satisfactory to Deak, equivalent to 10% of the bid, to be refunded to all unsuccessful bidders promptly after the Hearing;

PLEASE TAKE FURTHER NOTICE that objections, if any, to approval of the Agreement or to any portion of the relief requested by the Debtors, shall be filed with the Bankruptcy Court and received by Levin & Weintraub & Crames, Milbank, Tweed, Hadley & McCloy, and Anderson Russell Kill & Olick, at the addresses set forth above, on or before *February 4, 1985* at 5:00 o'clock in the afternoon.

Dated: New York, New York
January 10, 1985

BY ORDER OF THE BANKRUPTCY COURT
HONORABLE BURTON R. LIFLAND
United States Bankruptcy Judge

LEVIN & WEINTRAUB & CRAMES
Counsel to Debtors and Debtors in Possession
225 Broadway
New York, NY 10007
Michael J. Crames, Esq.
Herbert Stephen Edelman, Esq.
Andrew Kress, Esq.
Cindy E. Tzerman, Esq.
(212) 962-3300

BP stirs Australian hornets' nest

Seltrust, the 75 per cent-owned BP offshoot, faces liquidation if minority shareholders fail to approve a scheme of arrangement next Tuesday. But BP's plan *for the resource investment company is facing mount*ing criticism. MICHAEL THOMPSON-NOEL in Sydney reports on the controversy

IN ITS advertisements, BP Australia dubs itself the "Quiet Achiever"—a piece of slick packaging that may detonate in its face at a special meeting of shareholders in Seltrust Holdings in Perth next Tuesday.

Seltrust is a 75.4 per cent-owned BP affiliate with significant resource investments that has fallen on hard times—so hard that BP is threatening to liquidate it if the minority shareholders do not endorse a scheme of arrangement next *Tuesday* whereby most of Seltrust will revert to 100 per cent BP ownership.

Controversy is already brewing, and could well generate political displeasure, even though BP — Seltrust's main creditor—has already been badly burnt by Seltrust's demise.

On Monday, BP said in Melbourne that continuing deterioration in Seltrust's finances gave BP no alternative but to liquidate Seltrust if the scheme of arrangement was not approved by the minority shareholders — among whom, a majority of 75 per cent is required for the move to suceed.

The controversy has been fuelled by a scathing 40-page analysis of the scheme by Potts West Turnbull (PWT) the Sydney sharebrokers. The brokers stop short of urging the minority shareholders to reject the plan, but fire some very sharp criticisms at BP.

PWT accuses BP of using a "shotgun," and argues that "rather than being offered a premium, Seltrust shareholders are being forced to accept a price considerably lower" than the broker's estimation of the value of Seltrust *assets being* retained by BP.

The scheme of arrangement was announced last October 18. BP's plan is to buy out the minorities with the offer of shares in a new company, Paragon Resources, which would take over Seltrust's gold exploration properties.

The shares would be valued at an equivalent 60 cents per Seltrust share, and would be underwritten at 54 cents.

PWT claims the paragon shares will not be worth the equivelnt 60 cents without a strong rise in the gold price. It adds: "This proposal caps an inglorious history for the Seltrust shareholders, who have watched the A$2.50 a share investment in 1979 (in potentialty magnificent *assets*) whittled down to virtually nothing, under the guidance of the major shareholder."

The assets BP will retain are:

- 5 per cent of the Mt Newman iron ore project, one of the largest, most profitable, high-grade open pit iron ore mines in the world. PWT values this investment at A$80b-plus (US$65.6m-plus), against one of A$70m by consultants to Seltrust.
- 60 per cent of the Agnew nickel mine, containing around 4.5 per cent of the world'a identified *sulphide nickel re*sources. This is the most contentious asset. Seltrusts'a consultants value this at only A$21.Sm, based on a nickel price of US$2.30 per pound. Saya PWT: "It takes no account of long-term values. It virtually ignores the new high-grade nickel discovery at Rocky's Reward, 3 kms to the north of the Agnew mine. It values Agnew at historically low nickel prices."
- 100 per cent of the drillship Regional Endeavour, presently on contract to Broken Hill Proprietary. Both sides agree that the Endeavour is worth A$15m to A$20m.
- 60 per cent of Teutonic Bore, a zinc-copper-silver deposit ow being phased out.
- A substantial exploration programme, covering extensive areas of known gold, nickel and other mineralation across Australia.

Says PWT: "After spending over A$250m, by far the greater part contributed by shareholders, BP argues that the assets are worth just under a net A$17.5m (after loans of A$114m)."

It adds: "In the scheme of arrangement documents, BP states that Seltrusts'a losses over thalast three years have been *A$34m*. It does not mention that depreciation provision for the period was A$43m, and therefore Seltrust has operated at a cash profit. It estimates large losses for Seltrust in 1984 and 1985. It is not readily discerned that these losses are covered, in a cash sense, by depreciation."

The broker says the sunk capital and tax losses at Agnew and other Seltrust operations amount to a tax allowance availability of about A$240m, though it adds: "BP's other huge losses in Australia mean that Seltrust's tax allowances have little value (to BP)."

It is not clear how Tuesday's meeting in Perth will go, though oaths may fly. BP has issued a statement that quibbled with some of PWT's figures, and wondered why the broker had stopped short of recommending outright revolt among minority shareholders.

"There's a feeling that BP would never liquidate a company," said a BP official, "but there have been *sufficient* warnings" that that was likely to happen, confirmed by Monday's statement."

BP says that proxy votes by small shareholders are running overwhel*mingly in favour* of acceptance of tha scheme of arrangement.

"This indicates that should the scheme fail to gain the required support at the general *meeting on* January 22, the large institutional holders will have voted contrary to the wishes of the greater majority of individual shareholders."

The BP official added last night *that the Foreign Invest*ment Review Board in Canberra regarded its scheme "as the rescue bid that it is—as the best chance to maintain operations."

All in all, the "Quiet Achiever" must wish it had never heard of Seltrust.

Air France tops expectations

BY PAUL BETTS IN PARIS

AIR FRANCE, the French national airline company, has registered far higher than expected net earnings of FFr 530m ($54.3m) for 1984, compared with FFr 87.2m in the year before. The airline incurred a loss of FFr 792m in 1982.

The airline was expected to report earnings of about FFr 80m this year, according to the targets set in the company's medium-term plan approved by the French Government last autumn. Earnings were due to rise to FFr 166m in 1985 and to FFr 465m in 1986 in the plan.

The better-than-expected performance is clearly welcomed by the Socialist Government, since the Air France recovery compensates in part for the heavy losses in other nationalised groups, especially the state-owned Renault car company, expected to report a deficit of up to FFr 10bn in 1984.

The atrong performance reflects the continuing effort by Air France to hold down its overall costs and improve operating efficiency. Although passenger traffic only grew by a modest 2.5 per cent last year, Air France benefited again from a surge in freight operations, which rose 16 per cent in volume.

Total *sales rose 13* per cent to FFr 27.6bn while cash flow was 25 per cent higher at FFr 3bn.

M Marceau Long, the airline's chairman, said 1984 earnings came after a FFr 450m provision for part of Air France's major fleet renewal programme starting in 1988.

The chairman added that Concorde was profitable, with operating earnings of FFr 62m. Air France has maintained a daily Paris-New York Concorde flight and operates special flights with the supersonic aircraft.

The airline managed to finance its investment last year by internal funds, including the sale of two aircraft to Air Inter, the French domestic airline company, and a FFr 200m capital endowment from the French Government.

In turn, Air France did not have to resort to tha debt market, which helped the airline reduce its total indebtedness. M Henri Sauvan, managing director, said the company's debt to capital ratio had declined from 3.1 in 1983 to 2 in 1984.

All the company's main subsidiaries were profitable last year, including among them the Meridien hotel chain with pretax earnings of FFr 30m.

Grundig may axe fifth of workforce

By Jonathan Carr in Frankfurt

GRUNDIG, tha West German consumer electronics group, may shed as many as 5,000 jobs this year—more than one fifth of its workforce—as it struggles to return to profit.

This has emerged after initial talks between the Grundig works council and the management, which since last April has been controlled by Philips of the Netherland.

No decision on the exact number of job cuts, or where they will fall, has yet been made, but the management is known to want to press ahead with its "slimming cure" as quickly as possible.

Mr Hermanus Konig, the new Dutch chief executive, announced last month that Grundig's 1983-84 loss (to March 31) of DM 286m ($89.7m) might be cut by about DM 100m in 1984-85, thanks to buoyant turnover and cost-reduction measures.

One place were jobs are widely expected to go is at Grundig'a factory at Vohenstrauss, which produces tuners (now being overtaken by new microchip technology) for video recorders and television sets.

On the other hand Grundig is also branching out in new fields—for example its accord last summer with United Technologies of the U.S. to produce advanced automotive parts in Bayreuth.

Gundig haa long been cutting its labour force—from more than 38,000 in 1979 to only about 24,000 now.

- Credit Suisse, Switzerland's third largest bank, revealed in Zurich yesterday that it had taken over Grundig Bank, one of West Germany's largest private banks, from the Max Grundig Foundation. No price details were provided.

The takeover atill had to be approved by Germany's Cartel Office, said Credit Suisse, adding that the West German bank had a balance sheet total of DM 1.3bn at the end of March 1984 and a net profit in the fiscal year to that date of DM 3.6m.

The acquisition is the second major deal for Credit Suisse in less than a week. Last Friday it reached agreement in principle to purchase 29.9 per cent of Buckmaster & Moore, the London brokerage.

DKr 1.3bn loss at Kronenbanken

BY HILARY BARNES IN COPENHAGEN

LOSSES AT Kronebanken, the Danish bank which crashed last month, totalled DKr 1.3bn ($114m) in 1984, including DKr 1.33bn in provisions for losses on loans and guarantees, Mr Ole Retoft, the supervisory board chairman, told the representative council of shareholders yesterday.

This means that the bank's share capital, reserves and subordinated loan capital, which amounted to DKr 1.2bn at the beginning of 1984, has been wiped out.

Mr K. Bjorn Jensen, head of the Bank Inspectorate, meanwhile said yesterday that he will in due course ask for a police investigation into the affairs of the bank.

The *shareholders council* appoints and dismisses the supervisory board but, somewhat to the surprise of observers, Mr Retoft and his associates were not sacked at yesterday'a *meeting*.

The chairman said that he hoped negotiations for tha acquisition *of* the bank by the Jutland-based Provinsbanken will reach a conclusion — negative or positive — within days.

From what has emerged so *far, the* heavy provisions for bad debts have arisen owing, at least in part, to the failure of senior credit officers to keep the bank's management board correctly informed as to the extent of some very large loans to business customers.

A. Johnson in gas plant project

BY DAVID BROWN IN STOCKHOLM

A. JOHNSON, the diversified Swedish industrial and trading group, and Investeringsbanken, the state-owned investment bank, revealed plans yesterday to build an SKr 3bn ($328m) coal gasification and ammonia production plant, which would be one of *the* country's *largest* industrial projects to date.

Negotiations are under way with Norsk Hydro on possible terms under which Norway's biggest industrial group would take a large, possibly controlling, interest in the ammonia production facility.

The ammonia facility's 400,000 tonne planned annual capacity would be *adequate to* cover the entire demand on the Swedish market, most of which is now *supplied* by Norsk Hydro. The group is seeking further ammonia capacity, but is considering an alternative investment in a gas-fired plant in Holland.

The Project would involve a share offering of a total SKr 1bn sometime this spring, with tha remainder to be financed largely by Investeringsbanken.

The high-pressure gasification plant, which *would* be the world's largest, is likely to be supplied by an unnamed American manufacturer, said Mr Göran Ennerfeldt, Johnson's managing director.

"*This is* not a *finished* project, it is a base for negotiations," says Mr Harry Schein, Investeringsbanken's managing director, reflecting a major potential stumblin block.

The complex's economic viability hinges on agreement by power authorities in Stockholm to purchase waste heat from the facility on a long-term contract, says Mr Ennerfeldt, whose company would supply about 350,000 tonnes of coal to the facility every year.

However, city authorities are understood to favour other power alternatives. Without income from a waste heat contract, the project's viability becomes "very questionable," adds Mr Ennerfeldt.

Sales up 10% at Hoffmann La Roche

By Our Financial Staff

HOFFMANN-LA ROCHE, one of Switzerland's big three chemical companies, has registered a 10.2 per cent increase in turnover to SwFr 8.3bn ($3.1bn) for 1984. The group's management said in Basle yesterday that "further improvement" in profits.

The group added that turnover showed an improvement of 21.7 per cent when calculated in local currencies.

Sales of pharmaceuticals, Hoffmann's largest sector, rose 10.3 per cent to SwFr 3.5bn. The company pointed out that cost-cutting measures by the Government had narrowed *certain pharma*ceuticals markets, but added that the rise in sales had nevertheless exceeded expectations, partly due to success with new products.

Bagnasco quits Europrogramme

BY ALAN FRIEDMAN IN MILAN

SIG ORAZIO BAGNASCO, the Swiss-based Italian financier whose L1,000bn ($514m) Europrogramme unit trust property fund is facing both a liquidity crisis and criminal investigations, is resigning from the fund along with his entire board of directors.

Management of the troubled Europrogramme fund, currently undertaken by IFI-Interfininvest, another Lugano company, is to be transferred to outside *Swiss fund managers*. The Bagnasco group is also selling control of its IFI-Interfininvest Fund Management arm to outside interests and will retain no more than 20 per cent of the shares.

The mass resignations and transfer of fund management is the latest development in the long-running Europrogramme affair, which bas drawn heavy criticism from leading Italians. Since last year a number of the 75,000 unit trust holders of Europrogramme hava been demanding immediate redemption of their unquoted share certificales.

The demands have come amid a slumping property market in Italy (where Europrogramme has 70 major buildings), allegations that the fund was being overvalued and investigations *by magistrates* in both Milan and Lugano into alleged improprieties.

Demands from shareholders for redemptions now total around L70bn, against Europrogramme's liquidity of only L30bn. The Swiss Federal Banking Commission has suspended all redemptions until March 31 in a move designed to avoid financial chaos and create a breathing space for the resolution of the crisis.

At the same time, Sig Bagnasco is trying to get the Italian Parliament to pass a special law which would enable Europrogramme, a Swiss-based unit trust, to be converted into a listed Italian company. There is no precedent for this type of operation. The legialation, which would offer investors the opportunity to trade their shares on the bourse, was halted last November by the Italian Treasury because of the criminal investigations.

Sig Bagnasco has said that if the law was not passed he would have to liquidate Europrogramme "and devote myself to tourism and hotels." Sig Bagnasco also controla the CIGA luxury hotel chain from Lugano.

هكذا اصل الأصل

INTERNATIONAL COMPANIES and FINANCE

Matsushita Electric lifts profits on record sales

TOKYO—Matsushita Electric Industrial, the world's largest maker of electric and electronic products, said yesterday that its parent company net for the year ended November 20 rose by 4.5 per cent, to Y101.92bn ($400m) from Y97.48bn a year earlier.

Profits before tax and extraordinaries, climbed 24.3 per cent to Y235bn from Y189bn, while sales increased 19.8 per cent to Y3,258bn from Y2,719bn. Per share net rose to Y63.96 from Y61.34, and an unchanged Y10 dividend is to be paid for the year.

At Y3,258bn sales were at record levels. Overall sales were boosted chiefly by demand for video cassette recorders (VCRs), office-automation products (business machines) and electronic components.

For its current fiscal year, Matsushita aims to increase pre-tax profits to more than Y250bn on sales of at least Y3,450bn.

Though sales of video equipment, communication and industrial equipment, and electronic components had the sharpest gains, sales of all product categories rose.

Sales of video equipment, which include televisions as well as VCRs, jumped 21.9 per cent to Y1,026bn. Video equipment is the company's largest product category, accounting for 31.5 per cent of total sales. VCR sales alone advanced about 29 per cent from a year earlier to Y751.5bn.

The steepest sales gain was for electronic components, up 31.6 per cent to Y96bn—the category includes semiconductors, tubes, tuners and capacitors among other products.

With demand for office automation and factory automation equipment strong, communication and industrial products rose 29.4 per cent to Y614bn. Computers, electric motors and welding equipment also are sold in this category.

Exports provided a strong force for the sharp rise in overall sales, but accounted for only 36.9 per cent of total sales. Exports were up 29.8 per cent to Y1,202bn, while domestic sales rose 14.7 per cent to Y2,056bn.

Matsushita markets its products worldwide under the National, Panasonic, Quasar and Technics brand names.

AP-DJ

Hooker shares rise on fresh bid speculation

By Michael Thompson-Noel in Sydney

HOOKER CORPORATION, Australia's leading property concern, issued bullish profit forecasts yesterday, as its share price rose back above A$2 in anticipation of renewed bid activity.

Mr Lee Ming Tee, whose Sunshine Australia has acquired 19.9 per cent of Hooker and is keen to acquire a further 18 per cent, is the only player to have revealed his hand so far.

But the market is punting on a counter-bid, with Mr Alan Bond, the Perth businessman, generally tipped to unveil an offer at around A$2.20 a share — valuing Hooker at A$283m (US$23m) — against Mr Tee's partial offer last month of A$1.75 a share. Mr Bond is thought to have built up a holding of about 5 per cent. Yesterday the shares rose by 5 cents to A$2.02.

In a bid to defend itself, Hooker said yesterday that net profit for the six months to December 31 was likely to be A$17.5m, up 60 per cent.

Hooker's gross revenue last year was A$482.4m. Total assets were A$413.9m, and total liabilities and provisions A$289.4m.

Hong Kong watch maker's issue meets heavy demand

BY DAVID DODWELL IN HONG KONG

NATIONAL ELECTRONICS, a leading Hong Kong watch manufacturer, went public yesterday, with its share offering understood to have been between five and six times oversubscribed.

National twice last year prepared the ground for a public flotation, and twice retreated because of the uncertain state of Hong Kong's equity markets. There was no such uncertainty yesterday, however. With local stock markets at a 30-month high, strong interest was guaranteed in its offer of 62.5m shares at HK$1 apiece.

No official announcement on the level of subscriptions is expected until today. Jardine Fleming National's financial adviser on the flotation, is unlikely to reveal the basis on which shares will be allocated until after the weekend.

Citizen, the Japanese watch manufacturer which is a major supplier of components to National, has not subscribed for any of the shares on public offer despite a widespread belief that it would do so. It is nevertheless understood that Citizen still plans to acquire a 10 per cent stake in the company.

National, founded as a watch manufacturer in Shanghai in 1932, is understood to account for about one-tenth of Hong Kong's quartz watches for export.

Bank of America cuts HK jobs

BY OUR HONG HONG CORRESPONDENT

BANK of America has made redundant 80 of its staff in Hong Kong as part of a restructuring that is intended to make its operation in the Colony more efficient.

The rationalisation, which cuts Bank of America's 1,250 staff here by 6 per cent, is aimed at paring out loss-making activities and focusing on areas of highest growth potential, Mr Stephen Hunt, Hong Kong Area general manager, said yesterday. "We just could not count on attrition alone. Our staff has increased disproportionately to our business volume while costs have been escalating.

"When you have a system as big as ours, it is easy for employment to grow faster than the business warrants."

Zim plans management restructuring

BY DAVID LENNON IN TEL AVIV

ZIM, Israel's largest shipping line, plans to reorganise its management structure as part of measures being taken to improve profitability.

Mr Matty Morgenstern, who was appointed managing director in November, said the company would replace the existing centralised system with "profit centrea." The change, which will give greater overall responsibility to each of the divisions at Zim's Haifa headquarters, would enable a better evaluation of performance.

Introduction of this conceptual change should begin in a few weeks. Work is also in progress on a 10-year diversification plan.

Zim has been deeply upset by recent reports that it is in serious financial difficulty. It is at pains to refute them, citing the Minister of Transport's recent comment that the company is sound and that he is confident that it can overcome the temporary problems caused by the crisis in the industry.

Mr Haim Stoessel, the chairman, insisted this week that "Zim is not in trouble." He stressed: "In 1984 we did not lose any money on our operations." This was in contrast to 1983, when "we were losing heavily operationally."

Mr Stoessel said "the total indebtedness situation has improved in 1984." Zim would be seeking further loan guarantees from the Government, which owns 40 per cent of the company. However, this was part of a regular routine arrangement, made necessary by the decline in value of the company's chief assets, its ships.

Mr Morgenstern admitted that Zim suffered heavy losses in the first half of last year, but added that the second half had been much better.

Islamic bank hit by property losses

By David Lascelles in Kuwait

THE ISLAMIC banking movement has suffered a setback with the difficulties encountered by Kuwait Finance House, one of the largest Islamic institutions in the Gulf.

KFH has been forced to place all its 1984 operating profit of KD 28.5m ($95m) into reserves to cover sizeable losses on its real estate portfolio. As a result, it has paid no dividend to shareholders or depositors for the first time since it was founded in 1977.

Sheikh Ali Khalifa al Sabah, the Finance Minister, denied yesterday that KFH was in trouble. "They have no problem whatsoever as far as I know," he said. However, he confirmed that depositors had withdrawn about KD 3m in the last few days.

A major part of KFH's assets is in residential and commercial property, whose value has declined sharply following the Soukh al Manakh crisis.

At the end of 1983—the only figures currently available—KFH's property investments amounted to KD 416m, exactly half the total balance sheet of KD 834m. Its share capital and reserves totalled KD 35m.

Office development

Although all Kuwait banks have suffered from a difficult trading environment, KFH has been particularly badly hit because of its emphasis on property finance, including the Al Muthana complex, the largest office development in the downtown area, which is being completed at a time when rents are falling sharply.

As an Islamic institution, KFH pays its depositors a dividend rather than interest. In the past, these payments have been higher than interest on ordinary bank accounts and have attracted a huge inflow of funds. However, this year's dividend omission was clearly a shock for customers, who have been reminded that they must share in the fortunes of their bank in accordance with Islamic principles.

Sheikh Ali Khalifa said: "They are not depositors; they are partners in a venture and are not guaranteed a profit."

However, KFH's results come at a time when the strength of the Islamic fundamentalist movement in Kuwait is being questioned, and they may have added a certain disenchantment.

The Islamic Bank of Dubai and the Bahamas-based Dar Al-Maal Al-Islami Bank have also encountered bad loan difficulties. While not meaning that Islamic banking is unworkable, their problems have not exactly bolstered the movement's confidence either.

N. AMERICAN QUARTERLY RESULTS

ALLIED BANCSHARES
Bank holding

Fourth quarter	1984 $	1983 $
Net profits	31m	25.6m
Net per share	0.75	0.63
Year		
Net profits	118.8m	103.2m
Net per share	2.89	2.53

COMERICA

Fourth quarter	1984 $	1983 $
Net profits	15.2m	11.3m
Net per share	1.30	0.93
Year		
Net profits	56.9m	49.7m
Net per share	4.81	4.39

CORESTATES FINANCIAL
Bank holding

Fourth quarter	1984 $	1983 $
Net profits	26.75m	23.05m
Net per share	1.62	1.35
Year		
Net profits	104.49m	85.41m
Net per share	6.30	—

CROCKER NATIONAL
Midland Bank subsidiary

Fourth quarter	1984 $	1983 $
Net profits	†216.15m	†57.21m
Net per share	†10.56	†2.84
Year		
Net profits	†324.44m	†10.42m
Net per share	†15.93	†0.63

†Loss

BISILCO
Hi-tech & consumer products

Fourth quarter	1984 $	1983 $
Revenue	180.9m	161.4m
Net profits	7.31m	6.9m
Net per share	0.42	0.40
Year		
Revenue	786.9m	674.2m
Net profits	33m	34.3m
Net per share	1.91	1.67

MARYLAND NATIONAL
Bank holding

Fourth quarter	1984 $	1983 $
Net profits	13.17m	10.24m
Net per share	1.62	1.26
Year		
Net profits	49.03m	38.63m
Net per share	6.01	4.69

MORTON THIOKOL
Salt, household products, chemicals

Second quarter	1984-85 $	1983-84 $
Revenue	445.6m	406.7m
Op. Net profits	20.44m	23.09m
Op. Net per share	0.38	0.47
Six months		
Revenue	886.0m	816.1m
Op. Net profits	59.51m	46.70m
Op. Net per share	1.15	0.95

NBD BANCORP
Bank holding

Fourth quarter	1984 $	1983 $
Net profits	27.41m	20.96m
Net per share	2.28	1.75
Year		
Net profits	94.62m	81.69m
Net per share	7.80	6.78

PACIFIC LIGHTING
Utility

Fourth quarter	1984 $	1983 $
Revenue	1.30bn	1.20bn
Net profits	45.3m	43.5m
Net per share	1.14	1.20
Year		
Revenue	4.79bn	4.59bn
Net profits	138.6m	167.5m
Net per share	3.38	4.69

PRICE
Cash & Carry

First quarter	1984-85 $	1983-84 $
Revenue	542.3m	324.3m
Net profits	13.7m	8.3m
Net per share	0.61	0.37

RAINIER BANCORP
Bank holding

Fourth quarter	1984 $	1983 $
Net profits	15.51m	13.44m
Net per share	0.78	0.71
Year		
Net profits	61.30m	47.24m
Net per share	3.13	2.45

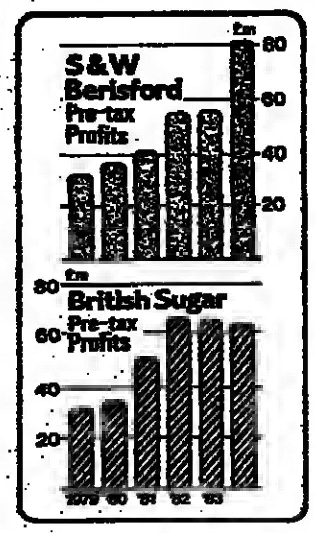
REPUBLIC BANK
Bank

Fourth quarter	1984 $	1983 $
Net profits	36.88m	15.17m
Net per share	1.24	0.52
Year		
Net profits	137.34m	130.17m
Net per share	4.86	4.61

هكذا صدر الأصل

UK COMPANY NEWS

S & W Berisford offsets downturn in sugar sector



THE ELIMINATION of a £21.2m loss incurred last time by the now sold Erlanger subsidiary has meant a substantial improvement for S & W Berisford, and has outweighed the effects of a downturn of more than £4m in the group's principal activity, sugar and animal feed processing.

The pre-tax result for the year ended September 30, 1984 came to £80.23m, a 44 per cent rise over the comparable £55.64m. With tha exception of sugar, where the British Sugar offshoot showed a decline from £74.62m to £70.6m, all divisions turned in improvements in trading performance.

Berisford also has interests in commodity merchanting and international trading, general merchanting and processing, and financing, property and financial services. Group turnover totalled £5.7bn against £4.25bn, generating trading profits up from £101.18m to £135.13m. Interest charges were more than £9m higher at £54.91m.

Mr E. S. Margulies, the chairman, calls the performance "gratifying," but warns that the group continues to operate in difficult market conditions characterised by pressure ou margins and a highly competitive environment. "There is, therefore, no room for complacency," he adds.

A final dividend of 7p is recommended, up from 6.5p, to improve the total by 1p to 10.5p net per share. Earnings per share advanced from 22.13p to 32.79p.

Tha chairman explains that the somewhat lower performance of British Sugar reflects the lower cropy in 1983-84, higher EEC levies and lower EEC margin increases. The UK is now consistently producing sugar in excess of the present level of quotas. The factory investment programma is continuing at the same rate in order to safeguard the future of British Sugar through modernisation, cost efficiency, product diversification and quality assurance. The pre-tax result for the division was down from £64.19m to £61.74m.

Mr Margulies considers that tha major strategic achievement during the year has been the initial steps in the expansion of group financial services interests, where the trading result was up from £4.05m to £7.71m.

During the year the group acquired the band and securities trading business of Cresvale International and formed Albion Trust, specialising in investment banking and venture capital, in which the group has taken a 50 per cent interest.

In the property sector the letting of the two new office towers at Billingsgate at an initial rental of £5m per annum has been the most significant event, says the chairman. Tha results of the well established insurance, leasing and hire purchase businesses reflect continued very good progress.

Mr Margulies says that the group is now "well positioned" to supply a range of finance-related services from insurance, leasing, investment banking and venture capital to project financing (mezzanine and non-recourse) forfaiting and financial futures, which together with existing businesses in this area provide "considerable potential for expansion." It is the intention to build a division which will make an even more substantial contribution to results.

Revenues from oil exploration activities in the U.S. were "modest." Monthly revenues are presently running out at some $300,000.

A low level of market activity through much of the year produced difficult conditions for all companies involved in merchanting commodities. Nevertheless the commodity merchanting and international trading division produced a £10.85m higher contribution to group profits at £45.35m. The investment in new markets and in systems to improve services should benefit the group in more favourable trading conditions.

The improving underlying trend in the general merchanting and processing division has continued with the cocoa processing companies in the Netherlands and West Germany and the food, secondary metals and wool businesses in the UK making higher contributions. Tha division added £15.44m.

The tax charge for the period came to £17.03m against £12.96m. Attributable profits amounted to £62.78m (£18.5m after an extraordinary debit of £23.88m), from which the dividends will take £20.11m (£18.2m).

See Lex

Eurotherm hits a record £7m

IN RESPONSE to worldwide recovery from depressed trading conditions, Mr J. L. Leonard, chairman of Eurotherm International, says that pre-tax profits and group sales have risen to record levels of £7.15m and £82.3m respectively, for the year to the end of October 1984.

Tight control of overheads and favourable currency movements led to "exceptionally strong growth" i nsecond-half profits from £2.66m to £4.49m.

The improved results have led to a rise in the level of the final dividend from 2.25p to 2.75p, which lifts the total from 3.25p to 4p. Earnings per 10p share are shown as 15.2p (9.5p).

In the last full year pre-tax profits slipped by £370,000 to £4.21m on sales of £40.8m, because, says Mr Leonard, investments in new ventures made during 1983 had not been offset by predicted increases in sales in established companies. The group manufactures temperature controllers, chart recorders, process control systems and computer peripherals.

Subsequently Mr Leonard says most new activities have moved out of tha red and should contribute strongly to future profits.

He says the group has returned to a more normal level of new investment in order to achieva a better balance between short and medium term performance. Six new companies were formed in the second half of 1984 and negotiations started to acquire a financially troubled American corporation with which tha group has had marketing associations.

Tha potential acquisition is Infoscribe, e U.S. manufacturer of impact dot matrix printers for use with computers for which Eurotharm is paying up to $0.5m, dependent on profits and spread over several years. In addition it is proposing to pay a total of $1.00m to the company's bank and trade creditors.

These moves continue the policy of group diversification from its traditional area of industrial instrumentation and control, and should help reduce the impact of future industrial recessions.

Of significance to group performance was the recovary of SSD, which achieved a profit turnaround of almost £1m in comparison with 1983. In the U.S., SSD Corporation continued to progress satisfactorily.

Multi-product companies continued to make important contributions

● comment

Come back Eurotherm all is forgiven. The City, which was taken aback by a profits fall this time last year, was equally surprised by tha extent of the bounce back in these figures and marked the shares up 45p to 340p yesterday. Tha reason for the company's erratic performance is that 1982-83 saw new venture investment surge ahead when a recovery in traditional industrial markets failed to materialise. In 1983-84, recovery was all tha more explosive for being held back, particularly in the U.S. (and there was a £400,000 gain at pre-tax level on dollar/sterling translation). Eurotherm is now a major performer in tha U.S.—with a claimed 25 per cent of the temperature control market, rapidly growing demand for other products, notably process control instrumentation systems, and Infoscribe, an acquisition which it is hoped will open up the U.S. commercial printer market. Averaging out the performance of the last two years, Eurotherm grew at 20 per cent a year. In the current year pre-tax profits could be up 25 per cent to over £8.75m. On an unchanged 43 per cent tax charge, tha shares trade on a multiple of 18. Fair value, following yesterday's 15 per cent leap, since Eurotherm, for all its high technology, still has many customers in cyclical heavy industries like steel.

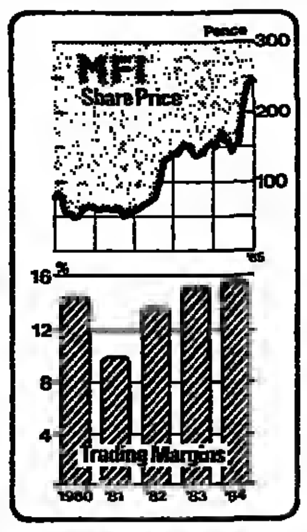
MFI warns of pressure on consumer spending

MFI Furniture Group yesterday reported further profits growth for the first half of 1984-85, but warned of the consequences of higher interest rates on consumer spending and sterling's decline against European currencies on raw material costs.

The interim statement covering the 26 weeks to November 24, 1984 revealed a £3.39m rise to £19.02m in taxable profits and Mr Derek Hunt, group chairman, said that he expected MFI to show further growth over the second half.

But he said that the latest increases in interest rates rates must have an impact on consumer spending.

..."We hope it would not hinder us but it would not help," he said and added that "a lot depends on whether the mortgage rate goes up, by how much and for how long."



The interim figures included a £300,000 interest credit, against a £600,000 debit, but the company said that this would be more than wiped out by the year-end as it pressed on with its expansion plans. Spending for the current year was expected to reach £45m and MFI said that it could reach £50m next year.

The first half interest gain was offset by a £1m rise to £3.7m in the charga for depreciation.

This year could see MFI break a five-year record of holding its prices. Mr John O'Connell, assistant managing director, said that "we will not allow our gross margins to be eroded by higher raw material costs." And he added "I am not confident we will be able to maintain the prices standstill in 1985."

Also, the recent severe weather has not helped business. But the company said that the current winter sale was running in line with last year and it expected to make good any loss of business once the weather improved.

Turnover for the six months rose from £136.19m to £156.58m. Volume increased by 4 per cent and MFI said that there was very little change in the sales mix with kitchen furniture still accounting for around 40 per cent of the total and bedroom furniture 30 per cent.

Four new stores were opened during the period and three were relocated; retail area was expanded by 270,000 sq ft. MFI said that it expected to add another 480,000 sq ft of space during the second half, taking the total number of stores up to 133 with the opening of seven new ones (five relocations were also planned).

MFI said its target next year was to add another 1m sq ft with the additioo of some 23 new stores.

Also, it said, that the Northampton distribution centre warehouse facilities were to be extended. A further 330,000 sq ft, costing £8m, would be operational by September, the company said.

As well as projects at home, MFI said that four specialist kitchen stores were planned to open as a pilot scheme in the U.S. towards the end of 1985.

Kitchen appliances, first introduced by MFI in early 1984, have already established a "significant market share." Last June, six new kitchen ranges were introduced, with further ranges added this month. MFI added that a wide selection of carpets would be introduced into a number of stores by the end of the current financial year.

Shareholders will receive a higher interim dividend of 2p, against 1.7p, with earnings per share stated at 5.57p (5.45p). After tax of £8.05m (£5.89m), net profits amounted to £10.98m (£9.74m).

Last year's final distribution was lifted from 2.3p to 2.9p with pre-tax profits advancing by £8.7m to £39.1m on turnover of £300.95m against £246.33m.

At last night's close the shares were down 3p at 248p.

See Lex

Eric Short explains why Abbey Life could be a popular SE newcomer

Putting a high price on life

ITT'S DECISION to include its UK life insurance subsidiary Abbey Life Assurance in its asset sales list has been received with great interest by the UK life market.

There is little doubt that a public sale of even a minority stake in Abbey Life's equity, which is envisaged at present, will generate a big response.

Underlying conditions in the UK market have been very favourable during the past few years. Growth in new life and pensions sales has expanded rapidly. Even the withdrawal of tax relief on life assurance premiums by the Chancellor of the Exchequer in last year's Budget failed to stop the continued rise in new business volumes.

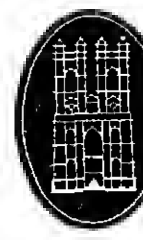
Abbey Life is the second largest linked-life company in the UK and for this type of operation, buoyant new business means buoyant profits in the following two or three years.

Indeed, Abbey Life yesterday reported an 18 per cent rate of growth in annual premiums last year to £68m and a one-third rise in single premiums to £137m. Self-employed aod executive pensions business was strong, while single premium life and pensions held up at £69m. Guaranteed bond and annuity business rose 80 per cent to £67.5m.

Good stock markets worldwide have contributed to the profit growth experienced by life companies.

This in itself would ensure a good value being placed on Abbey Life by either a single buyer or a large number of stock market investors. but there is another favourable factor.

Most life companies operating in the UK are either owned by a single proprietor or are



mutual life companies with no shareholders at all. Few have their shares quoted on the Stock Exchange.

Generally it is still rare for a life company to be put up for sale, though in the past two or three years a few companies have come on the market.

But in all cases the demand for life company equity has far exceeded the supply, with the result that prices of shares or companies have been high.

This is illustrated by the current acquisition by BAT Industries of Hembro Life Assurance, Britain's largest linked life company. In a willing buyer-willing seller situation, BAT is paying £664m for Hambro Life—some 17 per cent above its market value prior to the announcement of the bid.

Abbey Life has never paid a dividend to its parent company end it has never revealed en actuarial surplus figure in its accounts. If the company goes public, it will need to improve its accounts presentation.

Its recent rapid financial growth has been financed from retained earnings and it appears to be able to meet the new solvency requirements without seeking a capital injection.

Thus it is virtually impossible to make a reasonable estimate of the current worth of Abbey Life from its report and accounts. Merchant bankers S.G. Warburg and chartered accountants Ernst and Whinney have been instructed to undertake a feaaability study into the public sale. Their first task is most likely to have an actuarial appraisal of the company by e firm of independent actuaries.

However, this ectuarial value will be just the starting point from which to assess an offer price or a minimum tender price according to which type of flotation is chosen. The goodwill element could add 50 per cent to the actuarial value.

For instance, when Crusader Insurance was up for sale two years ago, the actuarial value was put at around £50m. The U.S. insurance giant CIGNA paid £80m for the company from a field of around 100 buyers.

Mr Michael Hepher, Abbey Life's, chairmon indicated that ITT was looking for a public sale with shares being held widely and quoted on the Stock Exchange rather than held by a few major institutions, though the last course would most likely raise more cash.

The one major cloud on the horizon is the possibility of action by the Chancellor in his March 18 Budget against pension tax concessions — a move that could substantially cut back on life company valuea. Any flotation will take place well after the Budget and reflect any changes.

Mr Michael Hepher, chairman of Abbey Life, which yesterday reported 18 per cent growth in annual premiums last year

Dixons tops £12m with benefits to come from Currys acquisition

FIRST HALF profits of the Dixons Group, electrical retailers, surged by some 64 per cent and Mr Stanley Kalms, chairman, says he clearly anticipates excellent full year results with the Currys acquisition benefits still to come in the years ahead.

He remains totally confident of the potential of the enlarged group which last month won control of Currys for around £248m after a hotly-contested bid battle.

Pre-tax profits for the opening 28 weeks to November 10 1984 rose from £7.62m to £12.52m, in line with last November's forecast of not less than £12m.

At that time, and on that basis, Mr Kalms foreshadowed that full year profits would be 55 per cent ahead of the previous year's £20.55m.

The interim dividend is being lifted from 1.6p to 1.92p net—a total of not less than 6p has been forecast.

Apart from distribution, all divisions contributed to the improvement. The expanded retail sector produced further impressive growth in both sales and profits which continued throughout the Christmas period. Pre-tax profits here advanced by £3.36m to £8.25m.

The new stores and wider product ranges proved increasingly popular and the Saisho brand again enlarged its market share. Mr Kalms saya the store development programme is being accelerated.

The processing divisinn achieved major improvements in profitability (pre-tax figures rose from £351,000 to £965,000) and further increased its share of the mail-order market.

It is pointed out that the policy of increasing the emphasis on the dealer market has proved successful and that the group substantially exceeded its target for opening new dealer accounts.

The distribution companies continued to experience severely competitive markets but performed "reasonably wel"—pre-tax profits slipped from £532,000 to £409,000.

Hugh Routledge

Mr Stanley Kalms . . . confident of Dixon's potential

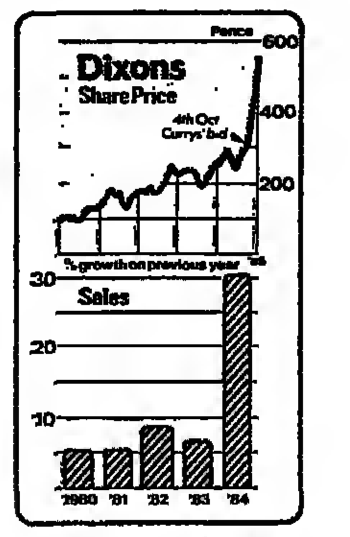
The UK property development company increased its profits contribution significantly, reflecting the extra investment that has been made in this division in recent years. The deal flow is strong and market conditions favourable. The overseas property and investment companies made sound progress. Pre-tax property profits rosa from £844,000 to £1.61m and those fro overseas from £1m to £1.28m.

Group sales for the half year improved by 31 per cent to £214.41m (£163.45m), excluding VAT, and broke down by division as to retail £126.3m (£95.44m), processing £20.1m (£9.64m), distribution £41.96m (£41.22m), property £8.98m (£4.01m) and overseas £17.07m (£13.13m).

Tax took £3.09m (£1.06m) to leave the net balance at £9.43m, compared with £6.57m, equal to earnings per 10p 6bare of 15.1p (11.7p).

Currys is the largest electrical retailing group in the UK with over 570 shops. Mr Kalms says that in recent years it has lost momentum and competitive edge and bas under-invested in its shops and its systems.

He tells shareholders that Dixons management concepts and retailing formulae should enable the directors to create a significant force in the market within two years.



● comment

With a forecast of £12m already on the table Dixons' figures came out right in line with market tinues as buoyant as ever with physical expansion of 10 per cent, year on year, and volume growth of about 20 per cent. Christmas saw a continuation of the theme—no mean achievement given that the run up to the festivities in '83 provided some tough figures to beat. For the full year, taking in five months of Currys, profits could be in the region of £37m. Yet the real argument for holding Dixons is not what it can make in the next few months but what can be achieved by the Currys' chain. The group is in the early stages of getting to grips with the 580 stores it has bought and it could take two to three years before the full benefits can be appreciated. Meantime the recent rise in interest rates must be pretty painful bearing in mind the debt it has inherited has pushed gearing up to around 75 per cent. Profit forecasts must be tentative—quite a bit depends upon how quickly Dixons unloads the debt—but predictions of £55m to £60m are already around for 1985-86. Thas points to a p/e of around 13 at 548p. The sharea may perform a little more sedately than of late, but they are still well supported by prospects.

Oakwood returns to black

Oakwood Group, engineer and distributor of sanitaryware, returned to the black in the year ending September 30, 1984. A first half loss of £298,000 was more than offset by e second half profit of £482,000.

The pre-tax profit of £184,000 compares with a £175,000 loss for the previous 12 months when the second half deficit was £273,000.

A "substantial increase" in profits from civil and electrical contracting activities was responsible for the year's profit.

The directors, who expect a further improvement in the current year, are resuming dividend payments. They are proposing e single final of 4.5p (4.5p) which compares with last year's 6.5p total. Earnings per 25p share were given as 7.9p (1.3p).

Group turnover for the year improved from £11.93m to £13.98m. Wholesaling activities operated profitably and would have contributed more but for the start up costs of new and extended distribution warehouses.

Tax took £26,000 compared with a credit of £201,000, leaving a net profit of £158,000 (£26,000). Extraordinary credits amounted to £30,000 (£3,000), being deferred tax and legal costs.

Symonds down at midway

Lower salea at Symonds Engineering left pre-tax profits down from £156,000 to £40,000 in the six months ending September 30 1984.

However, the precision engineer, sheet metal worker and jig and tool maker, is hopeful it may be eble to report improved orders in the second half. Sales were down from £1.92m to £1.6m.

The interim dividend is 0.3p (0.273p) net with earnings per 5p share 0.354p (0.875p).

Tax was £4,000 compared with £67,000. Shareholders are asked to approve the sale of surplus land for a gross consideration of £460,000. Mr J. A. Ruggles has been eppointed managing director following the death of Mr L. J. Riley.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
S & W Berisford		7	April 9	6.5	10.5	9.5
Country New	int.	0.5	March 8	0.4	—	1.25
Davy Corp.	int.	1.1	April 9	1.1	—	3.69
Dixons	int.	1.92	Feb 25	1.6	—	5
Dowty Group	int.	2.2†	March 28	1.7	—	4.5
Electronic Mach.		0.7	April 9	Nil	0.7	Nil
Eurotherm Intl.		2.75	—	2.25	4	3.25
MFI	int.	2	April 2	1.7	—	4.6
Oakwood Group		4.5	March 1	4.5	4.5	6.5
SGB		4	April 9	3.3	6.3	5.6
David Smith	int.	1	March 15	1	—	2.5
Symonds Eng.	int.	0.3	—	0.27	—	0.89

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § To reduce disparity. § Unquoted stock.

NUM dispute holds back Dowty's advance to £8m

A SUBSTANTIAL increase in pre-tax profits—up from £11.94m to £20.08m—is reported by Dowty Group for the balf-year to September 30, 1984, and wbile the uncertainties of the UK coal Industry continue to bave a detrimental affect on the mining division, overall the group should continue to make progress, thus producing a satisfactory year-end result, says Sir Robert Hunt, chairman.

Apart from mining, the group bas three other trading divisions—aerospace, defence, and industrial and electrical.

The board proposes establishing a more even distribution between the interim and final dividends and has decided to recommend an interim of 2.2p (1.7p). It is pointed out that this should not be taken as any indication of the dividend for the year as a whole. Last year's total was 4.5p net from pre-tax profits of £36.52m.

Redundancy costs at the half-way stage were cut from £4.19m to £1.99m and further significant expenditure of this nature is not expected.

First half sales, particularly overseas and export, bave helped to lift turnover from £178.78m to £218.66m.

Sales of aerospace products bave increased, accompanied by an improvement in profits and rate of return. The order book expanded during the period. Operating profits in this division rose from £9.53m to £12.3m.

Mining turned round from an operating loss of £39,000 to profits of £2.79m. Comparisons are distorted by an internal strike in the first half last year.

An improvement in the industrial division—operating profits advanced from £153,000 to £1.61m—was predicted at the time of the annual report. The uplift resulted from greater demand for standard products, with better margins due to productivity improvements.

Electronics were adversely affected by lower profits and reorganisation costs in North America which have been taken in the first half. The changes introduced will improve profits in the second half. At the interim stage the figures were £2.99m against £2.66m at the operating level.

The contribution from Gresham Lion, acquired on May 4, 1984, was £10m turnover and £700,000 operating profit.

Most of the overseas subsidiaries, particularly those in the U.S. and Canada, are making good progress, says Sir Robert.

Tax for the opening balf was considerably higher at £7.9m compared with £3.41m, resulting in an attributable profit of £11.99m (£8.46m). Stated earnings per 50p share improved from 4.2p to 5.8p.

• comment

The City seemed rather over-enthusiastic in greeting Dowty's results with a 24p jump in the shares to 216p. Admittedly, there was general relief at bow well the mining division is bearing the NUM strike, with the NCB continuing to place new capital equipment orders. And more importantly, there is general recognition of the steps the company has taken to raise productivity across the board. Rationalisation costs of £2m should be the last slice of a redundancy and closure programme which cost over £13m since 1981-82. The group is in a position now to reap maximum returns from increased demand in aerospace in particular where growing orders from civil aviation are adding to the solid military turnover generated by the Toroado programme. However, all this and more is already in the share price. Assuming full-year profits of £47m pre-tax and a 39 per cent tax charge, the shares trade on a prospective multiple of nearly 16. This seems too high a premium to other aerospace companies such as Hawker Siddeley and British Aerospace trading on multiples far lower.

David Smith recovery continues

Smith (Holdings) is continuing and with the acquisition last month of Western Board Mills the enlarged group is better placed to meet the competitive demands of specialised packaging and board users.

During the balf-year to October 28 1984 Smith returned pre-tax profits of £226,000, compared with previous losses of £152,000. Turnover moved ahead from £2.45m to £3.36m. The results do not include those of Western.

The progress made so far bas resulted from rebuilding traditional customer relationships while at the same time opening up a number of new accounts which should fuel future growth.

The group aims to grow, both organically and by further acquisitions.

Shareholders will receive a same-again interim dividend of 1p net per 20p share—a final of 1.5p was paid for 1983-84 from pre-tax profits of £24,000.

Tax for the half-year took £102,000 (£65,000 credit) to leave net profits at £124,000, compared with a deficit of £87,000.

The interim dividend will absorb £212,000 of which £158,000 is for new shares issued in connection with the Western acquisition.

Pre-tax profits of Western Board Mills fell from £948,000 to £836,000 in the six months to September 30, 1984. Turnover was little changed at £1.91m (£2.01m).

Smith's directors say the business continues to trade well below capacity, but that efforts are being made to increase sales and develop new markets.

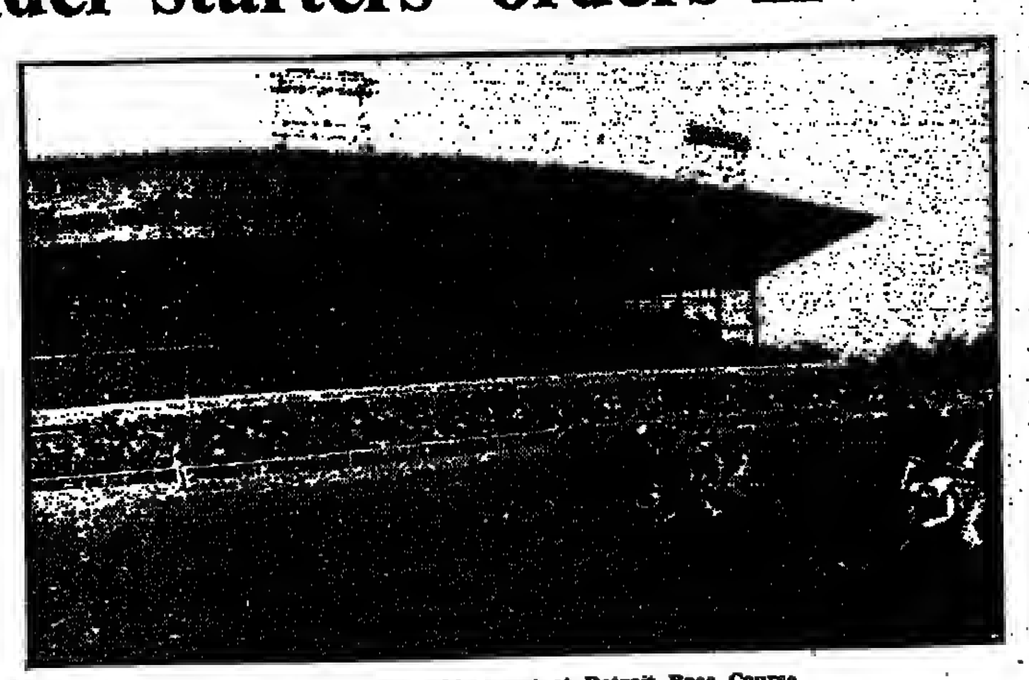
More than 90 per cent of Western's shareholders have accepted Smith's offer. All accepting holders will receive the interim dividend declared by David Smith.

The Smith group manufactures packaging materials. Western is engaged in the manufacture of mill and fibre boards from waste paper and the fabrication of board components.

Both have manufacturing facilities in South Wales. Smith says the enlarged group will provide a strong platform for future expansion.

Alexander Nicoll looks at Ladbroke's £11.6m purchase of a U.S. racecourse

Under starters' orders in Detroit



Heading for the finishing post at Detroit Race Course

IN MICHIGAN, a flutter on the horses is not as easy as picking up the telephone. But Britain's Ladbroke Group, with the just-completed purchase of Detroit Race Course, is taking a $13m (£11.6m) bet that relaxation of the state's gambling laws will make it considerably easier.

And in becoming the first British company to own and operate an American track, Mr Cyril Stein's fast-growing hotels, property and betting group is establishing a strategic foothold which, it hopes, will bring rewards in a liberalisation which it sees sweeping through other states as well.

Ladbroke, currently expanding its hotel business with the £77m purchase of Comfort Hotels, has substantial property interests in the U.S. as well as in the UK. It has over 1,400 betting shops in Britain and over 800 in Belgium.

Detroit will be a far cry from Aintree and Lingfield Park, both of which Ladbroke used to operate. In its 1985 season from March to November, the track is licensed for 200 race days, an average of just under six meetings a week—rather busier than British courses.

The horses run on all-weather dirt surface, and most are trained at the track itself. It has stabling for 1,500. As part of Ladbroke's deal, it will become the only course in Michigan running thoroughbred as opposed to "harness" races — trotting — which are carried on at several other tracks in the state, including one in Detroit.

The most important contrasts, however, are in betting. Off-course bets are legal in only three of the 31 states which permit thoroughbred racing at all—New York, Connecticut and Nevada. Michigan does not allow off-track betting—yet—so its volume is paltry beside the $2bn which New York alone is expected to turn over this year off-course.

All betting, whether on or off course, is through the pari-mutuel or Tote system: bets on each race go into one pool which, after deductions, is distributed back to successful punters.

In Detroit, the track takes 20 per cent of the pool—the total amount laid on thoroughbreds in Michigan was $187m in 1982. Just over a third of the take goes into race purses, and just under a third to the state's 6 per cent tax. The rest, after expenses, is Ladbroke's as well as whatever it can earn from wining and dining up to 10,000 spectators and parking their cars.

Ladbroke is hoping that Detroit's 4.5m residents can be encouraged to gamble more in a number of ways.

First, it plans to inject a bit of glamour into the track, attracting star horses and jockeys. Punters will be offered a greater range of bets and a more welcoming environment. At present, says Mr Peter George, a group director who heads Ladbroke Racing, "there are banks of windows, it's almost like looking into a prison cell. There's a barrier between the customer and the person taking the bet, and there's no literature to help the customer."

Second, Ladbroke hopes its new position will give it a voice in a current debate on a possible reduction of the state tax, probably with the resulting income to be ploughed back into the industry with a view to increasing revenue.

Third, and most significantly, Ladbroke expects off-course betting to be legalised in Michigan. Ladbroke would hope to operate at least some of the off-course facilities.

If laws were changed, it could be allowed to broadcast races on other tracks live at the Detroit track (called simulcasting), and to take bets on them. Detroit's own races could be shown live on cable television, with bets being phoned into the track. Or they could be piped to betting shops or theatres where bets could be taken.

In addition to the potential expansion in Michigan, Ladbroke sees opportunities in other states and has projects under consideration in three.

The uneasiness of American lawmakers about gambling is being outweighed in some states by tight state budgets. With the pill already sweetened by state-operated lotteries, betting on horses offers large potential revenues.

American sentiment about subjects as touchy as gambling is not easy to predict. Nor are the actions of individual state legislatures. But if some of the expected liberalisation materialises, Ladbroke could stand to gain from its experience in the UK and Belgium. "The needs and desires of the better don't vary much from country to country," says Mr George.

And who knows? Perhaps in the next European freeze, British punters starved of racing will be able to put their money on the 2.30 at Detroit.

Gamekeeper turns poacher in £4m Butterfield bid

BY MARTIN DICKSON

A £3.61m takeover bid for Butterfield-Harvey, the loss-making mechanical engineering group, was launched last night by Technology Inc, the U.S. industrial and aerospace company which helped rescue Butterfield in 1983.

Technology already owns 11.1 per cent of Butterfield's equity and has options and conversion rights which, if exercised, would give it 55.1 per cent of the enlarged capital.

Technology said that if necessary it would exercise those rights to give it more than 50 per cent of Butterfield.

It is offering 25p in cash for each Butterfield ordinary. The shares closed last night at 22½p, up 3p on the day.

Technology said it had been holding informal discussions with the Butterfield board for several weeks in the hope that its offer would be recommended by the directors. "Such an outcome has not been possible and the board of Technology has therefore decided to make the offer without the prior recommendation of the Butterfield board."

No coment was available last night from Butterfield.

Butterfield, whose products include office furniture and Shelvoke refuse collection vehicles, was given a £2m cash injection by Technology in 1983 in return for loan stock convertible at 50p—later reduced to 25p—and share options exercisable on the same terms.

In addition, Technology gained the right to two directors on the Butterfield board and last year Mr Maurice Krug, chairman of Technology, replaced Sir Monty Finniston, former head of British Steel, as Butterfield's chairman.

COMPANY NEWS IN BRIEF

International Signal & Control (ISC) and Computer and Communications Technology Corporation (CCT) have ended talks which should have led to ISC paying $35m (£31.2m) for CCT's Zeta Laboratories subsidiary.

The two companies were unable to reach a definitive agreement and negotiations have been terminated, they said. They first announced on November 28 that a letter of intent had been signed.

ISC is a U.S. defence electronics group which is registered in the UK, but which has no U.S. stock market listing. Zeta, based in Santa Clara, California, produces high technology microwave sub-systems and components.

* * *

Lynsal has increased its holding in Palmerston Investment Trust to 139,300 shares, or 17.07 per cent of the equity.

* * *

Acco Babcock, the North American subsidiary of Babcock International, has acquired, for an undisclosed cash sum, the industrial cable control business of Teleflex.

* * *

Shares in Daon Development Corporation, Vancouver-based property group, which came close to collapse in 1982, were temporarily suspended yesterday.

The company, which has a quotation on the London Stock Exchange, said that it could make no further statement until Monday. It is understood, however, that Daon, which has been making a strong financial recovery, may be involved in a takeover agreement.

* * *

The issued share capital of Arbuthnot Latham Bank has been increased by £5m, so that capital and reserves amount to £27m while its equity and loan capital total £53m.

* * *

Cedco Holdings of Bermuda beneficially hold 600,000 shares in Cosalt, equivalent to approximately 5.9 per cent.

Equity and Law confirms buoyant life business trend

UK LIFE assurance is still going through a buoyant phase for new business in spite of the loss of Life Assurance Premium Relief in last year's Budget.

This experience was confirmed by Equity and Law Life Assurance Society's new business figures for 1984 issued yesterday.

New annual premiums on its worldwide business rose 10 per cent from £33.8m to £37m, while single premiums were up by a quarter from £84.7m to £107.4m.

UK business showed new annual premiums up nearly 3 per cent from £28.4m to £29.2m. General protection and savings business held its own in spite of the loss of LAPR amounting to £5.8m against £5.7m last year.

House mortgage business was halved from £6.5m to £3.4m, but this was as much due to the buoyant market in 1983 because of the introduction of MIRAS as to the loss of LAPR.

However, like most other life companies, Equity and Law's annual premium growth came from its individual pension business which rose by a third from £7.7m to £10.5m. Group pension annual premiums went ahead from £5.2m to £5.9m.

UK single premium business rose nearly 30 per cent from £64.5m to £82.8m. Personal investment, mainly unit linked, was threequarters higher at £45.2m against £25.7m and individual pensions 42 per cent higher at £19.9m against £14m.

The expansion in West Germany continued with more than 50 per cent increase in premiums. Single premium business in Holland showed further strong growth.

UK contribution helps SGB recovery continue to £11m

DESPITE overseas losses at SGB *Group for* the year to the end of September 1984, a contribution of £14m from UK activities of this industrial holding company helped pre-tax profits recover from £7.24m to £11.01m. The directors say that the current year has started well and profits should continue to improve.

Second-half profits improved sharply from £4.56m to £7.54m following a rise of £785,000 halfway. At the halfway stage the directors said that UK business conditions continued to improve, but difficulties were persisting overseas, particularly in Australia and the Middle East.

For the full year the directors confirm that the overseas loss was largely due to Australia, and the Middle East, as well as North America. The Middle East suffered from lower demand for company products.

The net final dividend has been lifted from 3.3p to 4p which raises the total from 5.8p to 6.3p. Earnings per 25p share are shown as moving ahead from 9.7p to 18.4p.

Turnover grew from £160.42m to £17.46m. The principal activity of the group both at home and overseas is the supply and hire of equipment and services mainly to the building, civil engineering, energy and manufacturing industries.

Profits were subject to tax of £3.29m (£3.3m) and there was a transfer to deferred tax of £12.31m this time. There was a further £1.32m allowed for prior years stock loss on SGB Brooker Pty.

● comment

For a stock which has been heavily downgraded over the past two years, SGB's 18p rise to 152p says it all. The market was pleasantly surprised with the 52 per cent profits rise, with the performance in the mainstream scaffolding and plant hire businesses at home more than compensating for the continuing problems in Australia and the U.S. The figures show that UK profits doubled; utilisation levels are well up as well as prices. This seems to be the pattern virtually across the board, including the hire shops and the refurbishment company which does not seem to have been affected by the imposition of VAT on house improvements. The sole exception seems to be open cast activities but the miners' strike would explain that. In contrast the overseas side is losing money—£3m in these accounts. In Australia there is still heavy discounting in the market and in the U.S., the own-depot strategy is clearly the wrong trading formula. Nevertheless, internal remedial action should bring a fair degree of loss elimination this year, which, if it happens, points to perhaps £15m pre-tax on the back of further UK progress. At this level, and assuming a historic rate of tax, the prospective p/e is an undemanding 6.

Norbain at £0.5m and sales ahead

WITH PRE-TAX profits up from £275,000 to £535,000 at halfway and current orders and sales still running ahead of last year, the directors of Norbain Electronics believe that the group should achieve an "encouraging result" for the full year.

The outcome for the six months to October 31 1984 was struck on turnover ahead by £1.59m at £5.73m. The previous full year figures—the first since the group gained a USM quotation—showed taxable profits of £664,000 on turnover of £9.1m.

The company—a distributor of electronic components—intends to pay one annual dividend in or around October. Last time the payout was 1p net per 5p share. Earnings for the interim period are stated at 4.45p per share against 1.82p.

Mr J. B. Nicol, the chairman, says the group is continuing its strong investment programme.

Strong growth has continued in all sectors, and a number of new franchises and products have been acquired.

Davy up £1.3m despite order delay

Davy Corporation, engineering and construction group, has pushed taxable profits up from £3.03m to £4.33m for the six months ended September 30 1984, despite a reduced turnover of £274.65m against £314.78m.

Mr Peter Benson, chairman, says that with the number of contract negotiations in progress, it is not easy to predict the full year's outcome, but an encouraging improvement in profit is expected over the £7.53m last time. A record £26m was achieved for 1978/79.

Several potential large orders in the engineering and construction business were delayed and the market remains competitive, the chairman says. However, he points out that the group's wide range of technology enabled it to obtain some medium-sized contracts and, because of the reduced operating costs following two years restructuring, present order intake is at a rate which matches existing capacity.

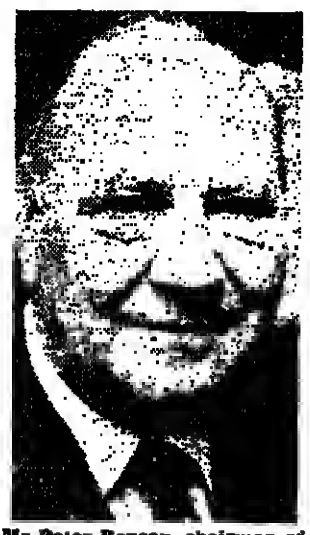
After six months tax of £1.08m (£450,000) earnings per 25p share are shown at 3.4p, compared with 2.7p. The interim dividend is unchanged at 1.1p net—last year's final payment was 2.585p.

Flue gas desulphurisation at power stations is becoming an increasingly important market, particularly in West Germany, and the group is to exploit the advantages of the Davy-Wellman Lord technology, Mr Benson states.

Business continues to be difficult in the U.S., particularly in the petroleum and chemical sectors. To obtain a more economic operation, the office in Cleveland, Ohio, was closed and transferred to group operations in Lakeland, Pittsburgh and Chicago. Recently the Chicago operation successfully commissioned a major project for the production of ethanol from corn, which was built for New Energy Corporation at South Bend, Indiana, the chairman points out.

Despite some adverse effects from the miners' strike, the manufacturing and service companies increased profits, due partly to the disposal of Head Wrightson Teesdale. The newly formed joint company, Davy Offshore Modules, has got off to a good start with significant orders from Marathon Oil.

Available profits were £2.25m, compared with £339,000 last time when there were extraordinary debits of £2.24m.



Mr Peter Benson, chairman of Davy Corporation

● comment

The market had run ahead of itself in guessing Davy's interim results, so a 43 per cent rise in taxable profits only served to knock the shares back 8p to 86p, following Wednesday's over-enthusiastic 7p gain. Most of the profits advance comes thanks to rationalisation benefits, where the group reckons it has cut about £60m from its fixed annual costs since mid-1982. Davy's capacity has now been reduced to a point at which it matches order intake—with a few divisional exceptions—so the group's progress will from now on owe much more to the health of the engineering and construction industries than to internal action. Large orders are still thin on the ground, although Davy will be bidding for a £500m plus Russian petrochemical plant in the next six months. Sterling's weakness should give it an edge over competing overseas bidders, but rising UK interest rates could put Davy at an important disadvantage when it comes to project finance. Assuming the usual seasonal profits split, around £11.5m pre-tax looks in reach for the year. That leaves the shares on a multiple of 9.3 times prospective earnings after a 25 per cent tax charge, which still looks demanding.

Country and New Town tops £1.5m

PRE-TAX PROFITS of Country and New Town Properties rose by 25 per cent in the half year to July 31 1984, reflecting some substantial property disposals including the Adelphi Theatre in the Strand, London, and the Western Union Building in Miami.

Profits rose from £1.23m to £1.54m and with earnings ahead by 0.19p at 1.32p the interim dividend is being raised to 0.5p (0.4p) net per 10p share.

Gross rental income totalled £5.98m (£4.71m)—the group's principal activity is property development and investment. Tax took £681,000 (£432,000) to leave net profits at £854,000 (£794,000).

Following the sale in June of part of the industrial complex in Antwerp the group has recognised through the profit and loss account the decline in book value of the remainder of the property.

COMPANY NEWS IN BRIEF

Despite a £170,000 rise in turnover to £2.72m Kennings Estates, a subsidiary of the Kenning Motor Group, saw its profits before tax fall from £2.29m to £2.07m in the year to September 30 1984.

The results were struck after deducting £495,000 (295,000) for interest and £539,000 (£393,000) for depreciation, and adding in interest receivable of £227,000 (£123,000) and a £1.21m (£1.65m) surplus from property sales.

As a result of changes in the 1984 Finance Act an additional £66,000 has been provided for deferred tax and charged against reserves.

* * *

Yearling bonds totalling £2.75m at 11¼ per cent, redeemable on January 22 1986, have been issued this week by the following local authorities.

Ogwr Borough Council £0.25m; Allerdale District Council £0.5m; Hillingdon (London Borough of) £1.m; West Yorkshire Metropolitan County Council £0.5m; Northampton (Borough of) £0.5m.

* * *

Pre-tax profits at Heavitree Brewery rose from £614,000 to £705,000 on turnover of £4.47m against £4.31m, for the year to the end of October 1984.

The final dividend of this Exeter-based wholesaler of beers, wines, and spirits which has interests in the U.S., and also owns a flock of sheep, has been declared at 23.4p. This makes a higher total for this close company of 30p (25p) on ordinary and "A" ordinary shares, which are not quoted. Earnings per ordinary and "A" ordinary shares are shown as 59.1p (43.9p).

* * *

As forecast last July, Electronic Machine Co has returned to the dividend list after a 10-year lapse with a 0.7p payment for the year ended September 30 1984.

And although pre-tax profits expanded from £2,202 for the previous 17 months, to £50,242, the directors say results would have been considerably better but for another substantial trading loss at Britannia Tool.

Group turnover fell from £2.62m to £1.79m and after tax credits of £2,886 (22,011) earnings per share were 2.17p (0.99p).

* * *

Biotechnology Investments produced net available revenue of $152,299 (£136,000), down from $248,705 (£218,000) for the six months to the end of November 1984. Guernsey corporation tax amounted to $360, compared with $437. Amortisation of preliminary and listing expenses took $99,843 last time.

There is no interim but the directors say they will consider a final based on the current financial year's results.

BOARD MEETINGS

TODAY

Interims: Atlantic Assets Trust, William Sommerville.

Finals: Abbey Panels, Gestetner.

FUTURE DATES

Interims:

Equipu	Jan 28
Home Farm Products	Jan 28
Porkdale	Jan 22

Finals:

First National Finance Corp	Jan 23
First National Securities	Jan 23
Hebit Precision Engineering	Jan 22
Norfolk Capital	Jan 22

Gold mining companies administered by Anglo American Corporation

All companies are incorporated in the Republic of South Africa

Orange Free State

Reports of the Directors for the quarter ended December 31 1984

WESTERN HOLDINGS

Western Holdings Limited

ISSUED CAPITAL: 14 334 376 shares of 50 cents each

	Quarter ended Dec. 1984	Quarter ended Sept. 1984	Year ended Sept. 1984
OPERATING RESULTS			
Gold			
Area mined—m² 000	377	397	1 512
Tons milled—000	2 204	2 343	9 136
Yield—g/t	4.48	4.18	4.23
Production—kg	9 864	9 784	36 607
Cost—R/m² mined	304.95	296.74	279.82
—R/ton milled	52.16	50.29	46.31
—R/kg produced	11 658	12 841	10 859
JMS			
(See summary)			
Slimes delivered			
Tons 000	1 308	967	4 267
Head grade			
uranium—kg/t	0.09	0.08	0.09
sulphur—per cent	0.91	1.05	0.95
gold—g/t	0.45	9.47	9.45
PRICE RECEIVED ON SALES			
Gold—R/kg	19 483	17 318	15 684
—$/oz	330	336	372
FINANCIAL RESULTS	R000	R000	R000
Gold—revenue	193 908	172 651	612 173
—costs	114 967	117 607	423 082
—profit	78 941	55 044	189 091
JMS profit	1 257	472	3 581
Net sundry income	6 228	5 538	20 334
Profit before taxation and State's share of profit	88 426	61 054	213 006
Provision for taxation and State's share of profit	41 534	(413)	48 567
Profit after taxation and State's share of profit	46 892	61 467	164 439
Deduct:			
Appropriation for capital expenditure			83 429
Dividend—interim			35 836
—final			45 153
Retained profit for the year			30
Capital expenditure			
—Total	20 284	46 973	106 402
—Erfdeel Division	11 603	38 030	93 749
Loan from Eastern Gold Holdings Limited—balance	77 944	74 895	74 895
SHAFT SINKING—ERFDEEL DIVISION	metres	metres	metres
No. 1 main shaft			
Advance	75	260	075
Depth to date (final depth)	2 253	2 170	2 176
Station cutting	96	209	686
No. 1 Ventilation shaft			
Advance	29	76	293
Depth to date (final depth)	2 207	2 170	2 178
Station cutting	30	77	187
No. 2 main shaft			
Advance (pre sink)	—	—	52
Depth to date	52	32	52
No. 2 ventilation shaft			
Advance (pre sink)	—	43	43
Depth to date	43	43	43

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
HOLDINGS DIVISION							
Basal reef							
Quarter ended Dec. 1984	9 950	1 068	23.3	45.06	1 050	0.49	11.37
Quarter ended Sept. 1984	10 010	962	40.4	28.04	1 153	0.29	11.82
Year ended Sept. 1984	33 846	3 4[illegible]2	34.0	37.97	1 291	0.35	12.84
Leader reef							
Quarter ended Dec. 1984	3 471	1 468	112.2	3.50	378	0.13	15.61
Quarter ended Sept. 1984	4 301	1 449	135.0	3.06	413	0.19	21.03
Year ended Sept. 1984	15 553	8 340	125.8	3.47	438	0.16	19.95
'A' reef							
Quarter ended Dec. 1984	147	32	15.6	23.59	524	1.01	15.79
Quarter ended Sept. 1984	155	19	17.5	66.29	1 543	1.67	29.19
Year ended Sept. 1984	495	100	49.1	15.27	750	9.27	13.47

The development reported include development by Western Holdings in the area under tribute from Free State Geduld Mines Limited.

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
SAAIPLAAS DIVISION							
Basal reef							
Quarter ended Dec. 1984	9 396	1 [illegible]42	76.2	9.50	724	0.22	16.94
Quarter ended Sept. 1984	8 167	1 112	71.9	12.16	876	0.34	24.56
Year ended Sept. 1984	25 910	4 172	67.8	13.61	923	0.36	24.26
'B' reef							
Quarter ended Dec. 1984	117	8	134.5	0.25	34	0.08	11.25

During the quarter ended September 1984, 23 metres were advanced. There were no sampling results.

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Year ended Sept. 1984	160	112	173.5	6.10	1 059	0.10	17.02

ERFDEEL DIVISION

Basal reef

During the quarter ended December 1984, 1 063 metres were advanced (quarter ended September 1984 1 292 metres, year ended September 1984: 3 950 metres). There were no sampling results.

DIVIDEND

The final dividend of 316 cents a share in respect of the year ended September 30 1984 was declared on October 18 1984 payable to members registered on November 9 1984 and was paid on December 14 1984.

CAPITAL EXPENDITURE COMMITMENTS

Orders placed and outstanding on capital contracts as at December 31 1984:

Holdings and Saaiplaas divisions	R 3 061 000
Erfdeel Division	R28 223 000

For and on behalf of the board
E. P. GUSH
G. S. YOUNG
Directors

January 19 1985

PRESIDENT STEYN

President Steyn Gold Mining Company Limited and its wholly-owned subsidiary, Vides Mining Company Limited

ISSUED: 14 566 400 shares of 50 cents each

	Quarter ended Dec. 1984	Quarter ended Sept. 1984	Year ended Sept. 1984
OPERATING RESULTS			
Gold			
Area mined—m² 000	162	176	686
Tons milled—000	872	969	3 819
Yield—g/t	8.46	6.42	6.55
Production—kg	3 648	6 204	25 317
Cost—R/m² mined	396.49	363.79	340.87
—R/ton milled	73.66	66.28	91.23
—R/kg produced	11 373	10 329	9 [illegible]47
JMS			
(See summary)			
Slimes delivered			
Tons 000	245	393	1 507
Head grade			
uranium—kg/t	0.09	0.11	0.10
sulphur—per cent	0.92	0.78	0.81
gold—g/t	0.55	0.74	9.63
PRICE RECEIVED ON SALES			
Gold—R/kg	18 337	17 424	13 546
—$/oz	330	349	374
FINANCIAL RESULTS	R000	R000	R000
Gold—revenue	100 251	190 866	394 864
—costs	64 232	64 927	233 838
—profit	45 018	44 039	161 026
JMS profit	2 388	2 939	19 145
Net sundry income	6 382	5 909	25 750
Profit before taxation and State's share of profit	54 489	54 969	197 239
Provision for taxation and State's share of profit	24 539	23 674	87 715
Profit after taxation and State's share of profit	29 950	60 495	100 615
Deduct:			
Appropriation for capital expenditure			44 112
Dividend—interim			30 580
—final			34 936
Decrease in retained profit			146
Capital expenditure	10 334	11 593	44 790

PRESIDENT STEYN—*continued*

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Basal reef							
Quarter ended Dec. 1984	9 131	710	37.5	33.54	1 922	0.26	14.71
Quarter ended Sept. 1984	7 25[illegible]	554	56.6	30.30	1 721	0.27	13.10
Year ended Sept. 1984	23 62[illegible]	2 314	59.9	30.44	1 614	0.32	19.00
Leader reef							
Quarter ended Dec. 1984	930	373	128.6	3.28	422	0.19	24.10
Quarter ended Sept. 1984	722	354	136.2	3.63	495	0.22	29.61
Year ended Sept. 1984	2 529	1 326	134.5	4.51	607	0.25	34.14
'A' reef							
Quarter ended Dec. 1984	3 114	1 104	98.5	5.76	529	0.15	14.62
Quarter ended Sept. 1984	3 149	739	127.4	4.73	605	0.13	10.42
Year ended Sept. 1984	11 754	3 272	101.2	4.91	497	0.16	16.00

The development reported does not include development by President Brand Gold Mining Company Limited in the area under tribute to that company.

DIVIDEND

The final dividend of 240 cents a share in respect of the year ended September 30 1984 was declared on October 10 1984 payable to members registered on November 9 1984 and was paid on December 14 1984.

CAPITAL EXPENDITURE COMMITMENTS

Orders placed and outstanding on capital contracts as at December 31 1984 totalled R14 133 000.

PRODUCTION

The previously reported underground fire at No. 4 shaft, and the accident in the S2 sub-incline shaft adversely affected production. Production from the area affected by the fire has recommenced and the sub-incline shaft will be fully operational by the end of January.

For and on behalf of the board
G. S. YOUNG
E. P. GUSH
Directors

January 18 1985

FREE STATE GEDULD

Free State Geduld Mines Limited

ISSUED CAPITAL: 19 440 000 shares of 50 cents each

	Quarter ended Dec. 1984	Quarter ended Sept. 1984	Year ended Sept. 1984
OPERATING RESULTS			
Gold			
Area mined—m² 000	241	252	097
Tons milled—000	1 098	1 176	4 314
Yield—g/t	6.08	6.03	6.19
Production—kg	0 675	7 089	26 601
Cost—R/m² mined	358.35	356.90	361.74
—R/ton milled	70.65	76.50	75.25
—R/kg produced	12 938	12 706	12 162
JMS			
(See summary)			
Slimes delivered			
Tons 000	672	179	1 507
Head grade			
uranium—kg/t	0.09	0.09	0.09
sulphur—per cent	0.06	0.95	0.90
gold—g/t	0.47	0.52	9.40
PRICE RECEIVED ON SALES			
Gold—R/kg	16 328	17 299	15 596
—$/oz	327	333	370
FINANCIAL RESULTS	R000	R000	R000
Gold—revenue	129 573	124 160	420 756
—costs	84 362	90 073	324 611
—profit	43 211	34 007	96 145
JMS profit	1 897	1 417	3 596
Net sundry income	4 820	3 949	19 981
Profit before taxation and State's share of profit	46 928	38 463	119 722
Provision for taxation and State's share of profit	21 744	10 739	10 297
Profit after taxation and State's share of profit	20 144	26 744	91 425
Deduct:			
Appropriation for capital expenditure			53 114
Dividend—interim			14 094
—final			24 012
Retained profit for the year			205
Capital expenditure	11 053	15 165	53 091

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Basal reef							
Quarter ended Dec. 1984	17 454	1 214	26.3	56.96	1 498	9.53	13.98
Quarter ended Sept. 1984	19 161	929	32.3	40.12	1 296	0.42	13.72
Year ended Sept. 1984	75 025	0 084	03 6	14 12	1 103	0.15	12.32
Leader reef							
Quarter ended Dec. 1984	1 109	476	115.5	3.11	359	0.13	14.62
Quarter ended Sept. 1984	833	192	97.6	3.25	317	9.14	13.59
Year ended Sept. 1984	2 000	1 130	121.5	4.23	316	0.15	18.19
'A' reef							
Quarter ended Dec. 1984	1 490	272	49.2	5.81	286	0.12	5.66
Quarter ended Sept. 1984	1 695	424	74.8	7.52	590	0.13	10.54
Year ended Sept. 1984	6 054	1 436	105.6	4.06	513	0.11	11.11
'B' reef							
Quarter ended Dec. 1984	114	4	177.2	0.30	99	0.04	5.38
Quarter ended Sept. 1984	238	34	63.6	4.40	280	0.19	6.27
Year ended Sept. 1984	1 315	210	126.3	1.75	226	0.05	6.38
Elsburg reef							
Quarter ended Dec. 1984	36	26	107.1	0.08	9	0.01	1.02
Quarter ended Sept. 1984							—
Year ended Sept. 1984	129	12	245.9	0.56	137	9.02	4.30
Pyrite reef							
Quarter ended Dec. 1984	1 406	1 156	258.1	3.00	774	0.04	9.50
Quarter and year ended Sept. 1984	950	624	251.8	3.62	992	0.03	6.14

The development reported includes development by the company in the area under tribute from President Steyn Gold Mining Company Limited but does not include development by Western Holdings Limited in the area under tribute to that company.

DIVIDEND

The final dividend of 230 cents a share in respect of the year ended September 30 1984 was declared on October 10 1984 payable to members registered on November 9 1984 and was paid on December 14 1984.

CAPITAL EXPENDITURE COMMITMENTS

Orders placed and outstanding on capital contracts as at December 31 1984 totalled R4 343 000.

UNDERGROUND FIRE AT NO. 2 SHAFT

During the quarter production was slightly affected by an underground fire at No. 2 shaft. The fire has been extinguished and production from the area will recommence at the end of January.

For and on behalf of the board
E. P. GUSH
G. S. YOUNG
Directors

January 16 1985

WELKOM GOLD MINING COMPANY LIMITED

The attention of shareholders is directed to the report of WESTERN HOLDINGS LIMITED.

PRESIDENT BRAND

President Brand Gold Mining Company Limited

ISSUED CAPITAL: 14 840 000 units of stock of 50 cents each

	Quarter ended Dec. 1984	Quarter ended Sept. 1984	Year ended Sept. 1984
OPERATING RESULTS			
Gold			
Area mined—m² 000	154	173	663
Tons milled—000	884	929	3 532
Yield—g/t	6.20	6.30	6.52
Production—kg	3 353	3 852	23 016
Cost—R/m² mined	365.14	327.98	315.86
—R/ton milled	65.08	61.08	36.92
—R/kg produced	10 505	9 696	9 841
JMS			
(See summary)			
Slimes delivered			
Tons 000	2 277	1 596	7 177
Head grade			
uranium—kg/t	0.11	0.12	0.11
sulphur—per cent	0.77	0.76	0.82
gold—g/t	0.72	0.81	0.72
PRICE RECEIVED ON SALES			
Gold—R/kg	19 007	17 619	15 443
—$/oz	323	341	366
FINANCIAL RESULTS	R000	R000	R000
Gold—revenue	101 746	100 122	359 852
—costs	56 231	56 741	208 087
—profit	45 515	43 381	151 765
JMS profit	13 780	9 589	30 266
Net sundry (expenditure) income	1 106	1961	4 267
Dividend from Welkom Gold Mining Company Limited	—	6 766	19 284
Profit before taxation and State's share of profit	60 401	56 569	106 562
Provision for taxation and State's share of profit	16 393	(6 899)	27 570
Profit after taxation and State's share of profit	44 808	65 468	168 992
Deduct:			
Appropriation for capital expenditure			119 400
Dividend—interim			21 860
—final			28 080
Retained profit for the year			452
Capital expenditure	29 153	52 971	116 840
SHAFT SINKING	metres	metres	metres
No. 5 shaft			
Advance	106	—	290
Depth to date	2 043	1 935	1 935
Station cutting	117	—	3 193
No. 1A shaft			
Advance	159	101	612
Depth to date	1 396	1 237	1 237
Station cutting	149	30	125

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Basal reef							
Quarter ended Dec. 1984	4 989	534	96.0	26.16	2 511	0.19	10.01
Quarter ended Sept. 1984	6 221	374	74.6	21.01	1 627	0.07	3.39
Year ended Sept. 1984	26 633	2 102	67.7	26.07	1 795	0.14	9.31
Leader reef							
Quarter ended Dec. 1984	2 908	1 236	137.9	3.76	018	0.11	15.78
Quarter ended Sept. 1984	5 777	1 206	160.9	3.63	912	0.11	17.06
Year ended Sept. 1984	13 397	4 976	139.2	3.76	526	0.11	15.81
'A' reef							
Quarter ended Dec. 1984	842	176	101.8	3.76	276	0.09	5.30
Quarter ended Sept. 1984	800	349	62.6	3.93	315	9.13	7.58
Year ended Sept. 1984	2 562	279	72.6	4.79	347	0.11	7.70

The development reported includes development by the company in the area under tribute from President Steyn Gold Mining Company Limited.

DIVIDEND

The final dividend of 200 cents a share in respect of the year ended September 30 1984 was declared on October 10 1984 payable to members registered on November 9 1984 and was paid on December 14 1984.

CAPITAL EXPENDITURE COMMITMENTS

Orders placed and outstanding on capital contracts as at December 31 1984 totalled R63 349 000.

For and on behalf of the board
E. P. GUSH
G. S. YOUNG
Directors

January 16 1985

JOINT METALLURGICAL SCHEME

	Quarter ended Dec. 1984	Quarter ended Sept. 1984	Year ended Sept. 1984
SUMMARY			
(i) Pyrite flotation plants			
slimes treated—tons	4 454 000	3 140 000	14 450 000
(ii) Uranium plant			
slimes treated—tons	1 072 000	799 000	6 367 000
concentrate treated—tons	108 000	76 000	373 000
uranium oxide produced—kg	102 356	132 670	604 708
(iii) Acid plant			
acid produced—tons	61 600	90 140	306 455
(iv) Gold plant			
calcine treated—tons	61 350	86 220	296 300
gold produced—kg	1 153	1 256	3 774
(v) Profit—R000	16 442	14 320	47 600

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

NOTES

1. POSSIBLE MERGER OF MINING OPERATIONS

Attention is drawn to the announcement published in the press on December 5 1984 and to the statements in the annual reports of the companies concerned which were posted to members on December 20 1984, regarding the possible merger of the mining operations of Free State Geduld Mines Limited, under a single company. Application has been made to the President Brand Gold Mining Company Limited, President Steyn Gold Mining Company Limited and Western Holdings Limited Mining Leases Board for the consolidation of the relevant lease areas and a further announcement will made in due course.

2. DEVELOPMENT

Development values represent actual results of sampling, no allowances having been made for adjustments necessary in estimating ore reserves.

The Transvaal Group's results appear on another page in this newspaper.

LONDON OFFICES: 40 HOLBORN VIADUCT, EC1P 1AJ

Transvaal

Gold mining companies administered by Anglo American Corporation

All companies are incorporated in the Republic of South Africa

Reports of the Directors for the quarter ended December 31 1984

WESTERN DEEP LEVELS

Western Deep Levels Limited

ISSUED CAPITAL: 25 550 000 shares of R2 each

	Quarter ended Dec. 1984	Quarter ended Sept. 1984	Year ended Dec. 1984
OPERATING RESULTS			
Gold			
Area mined—m² 000	188	184	713
Tons treated (000)	902	090	3 576
Yield—kg/t	10.33	10.38	10.00
Production—kg	9 518	9 310	38 046
Cost—R/m² mined	953.39	358.70	36845
—R/ton milled	73.99	75.30	71.91
—R/kg produced	7 165	7 076	7 184
Uranium oxide			
Tons treated 000	410	399	1 606
Yield—kg/t	0.09	0.19	0.60
Production—kg	35 192	37 450	148 852
PRICE RECEIVED ON SALES			
Gold—R/kg	19 453	17 457	10 928
—$/oz	335	348	352
FINANCIAL RESULTS	R000	R000	R000
Gold—revenue	163 821	184 567	616 575
—costs	86 744	05 898	257 140
—Profit	117 177	98 992	881 426
Uranium oxide profit (loss)	(971)	174	1 587
Net sundry income	5 774	5 651	19 611
Profit before taxation and State's share of profit	121 980	184 817	382 807
Provision for taxation and State's share of profit	13 829	21 867	78 393
Profit after taxation and State's share of profit	100 151	92 930	307 414
Add:			
Transfer from general reserve			5 800
Deduct:			
Appropriation for capital expenditure			197 921
Dividend—interim			47 267
—final			87 078
Retained profit for the year			918
Capital expenditure	84 068	87 284	223 573
SHAFT SINKING			
No. 1 main shaft	metres	metres	metres
Advance	34	22	530
Depth to date	2 323	2 289	2 525
Station cutting	41	30	181
No. 1 service shaft			
Advance	126	229	778
Depth to date	1 979	1 853	1 879
Station cutting	30	15	98

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Ventersdorp Contact reef							
Quarter ended Dec. 1984	8 736	48	138.1	89.83	8 097	—	—
Quarter ended Sept. 1984	3 348	220	38.8	32.04	1 183	—	—
Year ended Dec. 1984	21 147	744	49.5	38.44	1 887	—	—
Carbon Leader reef							
Quarter ended Dec. 1984	9 840	134	18.0	73.81	1 388	1.97	20.19
Quarter ended Sept. 1984	8 114	128	23.1	81.68	1 195	9.02	21.17
Year ended Dec. 1984	32 381	442	23.0	79.87	1 857	1.84	23.95

ORE RESERVES
(See note 1)

	Based on gold price per Kg	Tons 000	Stope width cm	Gold g/t	Gold cm.g/t	Uranium kg/t	Uranium cm.kg/t
Carbon Leader reef							
July 31 1984	R14 000	3 359	100.1	22.51	2 253	0.22	21.61
	R15 000	3 386	100.1	22.38	2 239	0.22	21.75
	R16 000	3 388	100.1	22.38	2 240	0.22	21.75
July 31 1983	R15 000	2 214	100.0	32.47	2 247	0.23	22.60
Ventersdorp Contact reef							
July 31 1984	R14 000	2 848	152.8	12.82	1 702	—	—
	R15 000	2 655	131.9	12.38	1 830	—	—
	R16 000	2 091	131.8	12.95	1 586	—	—
July 31 1983	R15 000	2 846	135.6	12.08	1 614	—	—

DIVIDENDS

Details of the dividends declared in respect of the year ended December 31 1984 are as follows:

	Dividend No. 45 (Interim)	Dividend No. 46 (Final)
Declared	July 10 1984	January 17 1985
Per share	105 cents	265 cents
Payable to members registered	August 10 1984	February 8 1985
Payment date	September 14 1984	March 13 1985

CAPITAL EXPENDITURE

Because of the improvement in the Rand price for gold, the capital expenditure for 1984 was increased during the quarter by a further R14 million to R224 million as part of the acceleration programme to make up for the time lost in the flooding of the No. 1 service shaft in 1982. It is expected that the shaft will be operational in the first quarter of 1986.

CAPITAL EXPENDITURE COMMITMENTS

Orders placed and outstanding on capital contracts as at December 31 1984 totalled R68 425 055.

For and on behalf of the board
E. P. GUSH, W. R. LAWRIE — Directors

January 10 1985

ERGO

East Rand Gold and Uranium Company Limited

ISSUED CAPITAL: 91 360 000 shares of 50 cents each

	Quarter ended Dec. 1984	Quarter ended Sept. 1984	Year ending Dec. 1984
OPERATING RESULTS			
Material treated—tons	9 300 999	9 033 900	15 708 000
Gold production—kilograms	1 706	1 600	4 772
Uranium production—kilograms	38 044	32 403	113 184
Acid production—tons	131 381	129 177	360 720
PRICE RECEIVED ON SALES			
Gold—R/kg	18 429	17 320	17 550
—$/oz	340	334	346
	R000	R000	R000
Revenue	41 274	38 316	106 652
Cost of sales	20 718	21 247	60 056
Operating profit	20 556	15 009	48 796
Net sundry income/(expenditure)	284	(9)	732
	20 942	15 018	40 528
Deduct:			
Royalties	109	340	440
Profit before taxation	20 722	14 678	40 070
Provision for taxation	933	757	2 502
Profit after taxation	19 800	13 021	46 486
Deduct:			
Appropriation for capital expenditure			12 112
Dividend—interim			11 374
Retained profit for the nine months			20 000
Capital expenditure	15 606	15 358	41 368
ERGO DIVISION			
Slimes treated—tons	9 099 000	4 557 000	14 263 000
Gold production—kilograms	1 358	1 219	3 687
Uranium production—kilograms	38 044	32 402	113 184
Acid production—tons	122 001	112 356	348 740
	R000	R000	R000
Revenue—gold and silver	26 472	21 123	84 532
—uranium and acid	7 710	9 030	24 218
—total	34 191	29 209	88 755
Cost of sales	15 308	16 605	45 508
Operating profit	18 825	12 604	43 155
Net sundry income/(expenditure)	278	(23)	600
Profit before taxation	19 007	12 581	45 845
Capital expenditure	13 062	12 790	33 811
SIMMERGO DIVISION			
Sand treated—tons	479 000	462 000	1 405 000
Ore milled—tons	13 000	14 000	42 000
Gold production—kilograms	346	381	1 082
Acid production—tons	9 560	7 281	20 071
	R000	R000	R000
Revenue—gold and silver	9 934	8 820	10 275
—acid	249	248	826
—total	7 002	7 107	29 099
Cost of sales	8 220	4 842	13 458
Operating profit	1 733	2 465	5 641
Net sundry income/(expenditure)	12	18	42
Deduct:			
Royalties to Simmer and Jack Mines Limited	72	348	412
Other	37	—	37
Profit before taxation	1 639	2 117	5 234
Capital expenditure	2 250	2 592	7 077

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t
South Deep shaft					
Quarter ended December 1984	763	358	247.0	1.94	988
Quarter ended September 1984	918	370	210.3	1.72	375
Nine months ended December 1984	2 500	1 202	218.3	1.08	425

DAGGAFONTEIN DIVISION

	Quarter ended Dec. 1984	Quarter ended Sept. 1984	Nine months ended Dec. 1984
Capital expenditure	294	133	480

DIVIDEND

The interim dividend (No. 12) of 27.5 cents per share in respect of the year ending March 31 1985 was declared on October 18 1984 payable to members registered on November 9 1984 and was paid on December 14 1984.

CAPITAL EXPENDITURE COMMITMENTS

Orders placed and outstanding on capital contracts as at December 31 1984 totalled R7 402 000, which included an amount of R837 000 for the Simmergo Division and R216 000 for the Daggafontein Division.

For and on behalf of the board
E. P. GUSH, W. R. LAWRIE — Directors

January 10 1985

VAAL REEFS

Vaal Reefs Exploration and Mining Company Limited

ISSUED CAPITAL: 19 000 000 shares of 50 cents each

	Quarter ended Dec. 1984	Quarter ended Sept. 1984	Year ended Dec. 1984
OPERATING RESULTS			
Gold			
Totals:			
Area mined—m² 000	352	539	2 108
Tons milled—000	8 508	2 477	0 869
Yield—g/t	8.25	8.44	6.39
Production—kg	20 662	20 897	82 734
Cost—Complex			
—R/m² mined	302.37	277.41	276.83
—R/ton milled	66.63	60.27	59.14
—R/kg produced	8 078	7 155	7 048
North Lease area			
Area mined—m² 000	362	371	1 401
Tons milled—000	1 537	1 826	8 239
Yield—g/t	7.17	7.50	7.25
Production—kg	11 019	12 198	45 447
Cost—R/m² mined	295.89	262.19	287.72
—R/ton milled	48.89	59.82	60.12
—R/kg produced	9 723	7 876	6 489
South Lease area			
Area mined—m² 000	175	152	848
Tons milled—000	828	788	3 278
Yield—g/t	11.27	11.05	11.18
Production—kg	9 346	8 484	38 840
Cost—R/m² mined	934.30	359.36	308.84
—R/ton milled	84.84	65.58	81.05
R/kg produced	9 122	8 919	5 462
Afrikander Lease area			
Area mined—m² 000	15	18	58
Tons milled—000	140	81	343
Yield—g/t	2.27	2.61	2.47
Production—kg	318	217	847
Cost—R/m² mined	179.49	128.81	137.18
—R/ton milled	19.23	24.06	25.18
—R/kg produced	9 462	8 205	0 382
Uranium oxide			
Totals:			
Tons treated—000	2 100	2 151	9 540
Yield—kg/t	9.23	0.23	9.23
Production—kg	477 254	488 936	1 962 977
North Lease area			
Tons treated—000	1 242	1 518	2 062
Yield—kg/t	0.18	0.28	0.20
Production—kg	835 417	287 563	995 778
South Lease area			
Tons treated—000	864	818	2 478
Yield—kg/t	0.28	0.27	0.48
Production—kg	341 837	32 372	967 199
PRICE RECEIVED ON GOLD SALES			
—R/kg	19 448	17 354	18 674
—$/oz	337	338	582
FINANCIAL RESULTS	R000	R000	R000
Total:			
Gold—revenue	402 441	355 335	1 397 597
—costs	166 909	148 528	282 138
—profit	235 832	208 010	514 449
Uranium oxide profit	7 180	6 475	38 567
Tribute profits	13 341	19 318	41 297
Net sundry income	23 984	13 408	80 220
Dividend from Southvaal Holdings Limited			
—interim declared July 1984	—	—	13 000
—final declared January 1985	14 300	—	14 300
	283 347	242 008	980 743
Deduct:			
Royalties to:			
—Southvaal Holdings Limited	59 873	48 734	187 040
—The Afrikander Lease Limited	287	385	1 288
—Anglo American Gold Investment Company Limited	746	—	748
Profit before taxation and State's share of profit	232 881	184 712	751 569
Provisions for taxation and State's share of profit	103 297	161 247	364 804
Profit after taxation and State's share of profit	129 841	03 465	417 242
Add:			
Transfer from general reserve			1 500
Deduct:			
Appropriation for capital expenditure			183 073
Dividend—interim			114 000
—final			140 600
Retained profit for the year			1 069
Capital expenditure	44 705	38 001	137 523
Consolidated profit:			
Consolidated profit, after providing for taxation and State's share of profit of the company and its wholly-owned subsidiary Western Reefs Exploration and Development Company Limited	129 829	93 482	417 271
North Lease area			
Gold—revenue	215 444	207 004	764 368
—costs	197 119	97 314	375 070
—profit	108 328	109 890	389 298
Uranium oxide profit	2 742	4 579	17 288
Tribute profits	6 294	4 360	18 721
	117 364	118 229	425 307
Capital expenditure	18 558	14 354	53 915
South Lease area			
Gold—revenue	181 329	145 568	618 930
—costs	57 102	50 215	200 113
—Profit	124 226	95 351	418 817
Uranium oxide profit	4 438	5 494	22 279
Tribute profits	7 847	5 968	22 868
	135 711	106 663	485 582
Deduct:			
Capital expenditure	28 247	21 460	103 099
Repayment of loan and interest to Southvaal Holdings Limited	243	243	973
Repayment of consumer loan	(1 275)	(72)	1 255
Surplus subject to royalty	100 496	84 972	358 255
Royalty to Southvaal Holdings Limited (55% of surplus)	95 672	48 734	197 040
Capital expenditure	28 347	21 460	103 090
Afrikander Lease area			
Gold section			
Gold—revenue	9 649	3 768	14 269
—costs	2 001	1 997	7 955
—Profit	8 979	1 709	9 334
Deduct:			
Ongoing Capital Expenditure			390
Recoupment of Initial Capital Expenditure			405
Provision for taxation			2 063
Available for royalty			2 476
Provision for royalty to:			
Afrikander Lease Limited	354	551	1 218
Anglo American Gold Investment Company Limited	746	—	746
Capital expenditure	212	55	390
Uranium section			
Royalty to The Afrikander Lease Limited (minimum)	13	12	50
Capital expenditure (Metallurgical Plant)	(323)	133	119

ISSUED CAPITAL: 19 000 000 shares of 50 cents each

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
North Lease Area Vaal reef							
Quarter ended Dec. 1984	14 346	1 938	42.1	91.09	5 309	0.89	57.41
Quarter ended Sept. 1984	14 952	2 034	35.0	45.31	1 631	1.50	48.76
Year ended Dec. 1984	57 651	8 512	40.8	38.87	1 579	1.06	43.12
Ventersdorp Contact reef							
Quarter ended Dec. 1984	338	44	205.3	1.42	293	0.08	4.58
Quarter ended Sept. 1984	359	10	210.9	0.72	152	0.001	0.34
Year ended Dec. 1984	1 734	102	115.5	1.98	191	0.03	3.10
Area under tribute to and developed by Hartebeestfontein Gold Mining Company Limited (not included in totals) Vaal reef							
Quarter ended Dec. 1984	220	60	49.0	91.90	1 263	0.70	34.10
Quarter ended Sept. 1984	270	86	86.1	22.83	1 562	0.50	22.39
Year ended Dec. 1984	1 079	374	76.3	21.51	1 941	0.48	36.81
South Lease Area Vaal reef							
Quarter ended Dec. 1984	13 707	1 108	106.0	17.97	1 905	0.75	77.29
Quarter ended Sept. 1984	13 454	1 230	100.0	88.89	2 860	1.08	199.19
Year ended Dec. 1984	95 884	4 442	102.0	28.21	2 584	0.09	97.02
"C" reef							
Quarter ended Dec. 1984	259	40	22.4	38.21	994	0.87	10.39
Quarter ended Sept. 1984	236	42	14.4	109.17	1 572	2.91	41.05
Year ended Dec. 1984	818	84	20.7	81.84	1 256	1.52	31.45
Area under tribute to and developed by Buffelsfontein Gold Mining Company Limited (not included in totals) DEVELOPMENT Vaal reef							
Quarter ended Dec. 1984	795	44	114.5	14.93	1 710	0.37	64.79
Quarter ended Sept. 1984	590	256	149.5	10.28	1 523	0.50	74.58
Year ended Dec. 1984	*3 268	784	148.5	9.39	1 560	0.43	62.30
Afrikander Lease Area Jeppestown Rietkuil No. 8 reef (Gold section)							
Quarter ended Dec. 1984	383	109	83.0	4.34	360	0.07	6.31
Quarter ended Sept. 1984	821	220	68.1	4.67	486	0.06	5.54
Year ended Dec. 1984	1 084	458	92.4	4.24	392	0.08	5.07
Totals Vaal reef (excluding tribute areas)							
Quarter ended Dec. 1984	*28 053	2 744	67.8	22.63	1 950	0.75	93.51
Quarter ended Sept. 1984	28 898	3 284	80.1	34.84	2 094	1.17	70.02
Year ended Dec. 1984	111 323	10 954	69.9	30.20	1 990	0.99	85.34

* Includes 490 metres advanced by Buffelsfontein for the company.

* Includes 393 metres advanced by Buffelsfontein for the company for quarter ended Sept. 250 metres, year ended Dec. 829 metres.

ORE RESERVES
(See note 1)

	Based on gold price per Kg	Tons 000	Stope width cm	Gold g/t	Gold cm.g/t	Uranium kg/t	Uranium cm.kg/t
Vaal and C reef							
July 31 1984	R14 000	26 271	120.3	15.03	1 570	0.43	51.44
	R15 000	26 017	119.0	13.78	1 535	0.42	50.88
	R16 000	25 215	119.8	12.78	1 532	0.42	50.34
July 31 1983	R15 000	26 443	119.1	13.12	1 562	0.41	49.56

VAAL REEFS—continued

	Based on gold price per Kg	Tons 000	Stope width cm	Gold g/t	Gold cm.g/t	Uranium kg/t	Uranium cm.kg/t
Ventersdorp Contact and Elsburg reefs							
July 31 1984	R14 000	3 081	114.7	5.00	585	0.10	11.87
	R15 000	3 655	117.1	4.80	562	0.10	12.11
	R16 000	4 412	117.3	4.83	843	0.19	12.12
July 31 1983	R15 000	6 855	117.7	4.29	505	0.11	12.40
Jeppestown Rietkuil No. 5 reef (Gold section) Afrikander Lease area							
July 31 1984	R14 000	78	170.1	2.88	488	—	—
	R15 000	298	153.9	2.64	407	—	—
	R16 000	202	153.8	2.84	496	—	—
July 31 1983	R15 000	47	198.0	3.89	875	—	—
South Lease area (included in above figures) Vaal and C reef							
July 31 1984	R14 000	9 901	137.9	15.73	1 894	0.81	70.68
	R15 000	9 845	157.7	15.79	1 686	0.81	70.30
	R16 000	9 972	137.8	15.60	1 882	0.51	70.28
July 31 1983	R15 000	9 187	137.0	13.62	1 876	9.40	67.38

DIVIDENDS

Details of the dividends declared in respect of the year ended December 31 1984 are as follows:

	Dividend No. 58 (Interim)	Dividend No. 27 (Final)
Declared	July 10 1984	January 17 1985
Per share	600 cents	740 cents
Payable to members registered	August 10 1984	February 8 1985
Payment date	September 14 1984	March 18 1985

CAPITAL EXPENDITURE COMMITMENTS

Orders placed and outstanding on capital contracts as at December 31 1984 totalled R93 300 099.

EXPANSION OF OPERATIONS IN THE AFRIKANDER LEASE AREA

Prospecting within the Afrikander Lease Area being mined for gold by Vaal Reefs has indicated the presence of additional ore reserves totalling about 5.5 million tons at a recovery grade of 2.8 grams a ton.

The Board of Directors of Vaal Reefs has approved initial capital expenditure of R10 million in order to expand the mining operations to fully utilise the 55,900 tons a month gold section of its Afrikander Lease Plant. It is expected that the total estimated capital expenditure of R17 million in escalated money terms will be spent from 1985 to 1989 and the additional ore reserves will be mined in the period 1987 to 1996.

For and on behalf of the board
E. P. GUSH, W. R. LAWRIE — Directors

January 18 1985

SOUTHVAAL HOLDINGS LIMITED and THE AFRIKANDER LEASE LIMITED

The attention of shareholders of these companies is directed to the report of Vaal Reefs Exploration and Mining Company Limited.

S.A. LAND

The South African Land & Exploration Company Limited

ISSUED CAPITAL: 9 182 700 shares of 35 cents each

	Quarter ended Dec. 1984	Quarter ended Sept. 1984	Year ended Dec. 1984
OPERATING RESULTS			
Gold			
Tons milled—000	600	604	2 277
Yield—g/t	0.7A	0.68	0.71
Production—kg	441	413	1 680
Production, transport and screening costs			
—R/ton milled	7.60	7.37	7.22
—R/kg produced	18 348	10 788	10 221
PRICE RECEIVED ON SALES			
Gold—R/kg	19 396	17 554	18 099
—$/oz	329	338	360
FINANCIAL RESULTS	R000	R000	R000
Gold—revenue	8 642	7 486	28 988
—production costs	2 687	2 718	19 350
—transport and screening costs	1 872	1 759	9 822
	4 082	3 032	11 810
Less cost of dump material	2 258	1 792	8 983
Gold profit	1 784	1 240	4 853
Net sundry income	553	533	1 418
Profit before taxation	2 337	1 873	8 252
Provision for taxation	(140)	3d3	848
Profit after taxation	2 477	1 1d0	5 605
Deduct:			
Appropriation for capital expenditure			1 797
Dividend—interim			1 837
—final			1 037
Retained profit for the year			132
Capital expenditure	5 843	496	3 150

DIVIDENDS

Details of the dividends declared in respect of the year ended December 31 1984 are as follows:

	Dividend No. 86 (Interim)	Dividend No. 87 (Final)
Declared	July 19 1984	January 17 1985
Per share	20 cents	20 cents
Payable to members registered	August 10 1984	February 8 1985
Payment date	September 14 1984	March 15 1985

CAPITAL EXPENDITURE COMMITMENTS

Orders placed and outstanding on capital contracts as at December 31 1984 totalled 97 000.

FEASIBILITY STUDY AND ERECTION OF FLOTATION PLANT

An announcement in the Press dated November 8 1984 reported the decision of the directors, based on a detailed feasibility study, that the restarting of mining operations, initially through the Vae Ork No 5 shaft, would not provide a worthwhile investment. However, the company would continue to treat material from outside sources. In this connection, the directors have agreed to add a pyrite float section to the gold plant, at an estimated cost of R8 740 000, including escalation, to improve the gold extraction efficiency.

During the quarter, an amount of R1 544 000 was spent on the flotation plant.

For and on behalf of the board
W. R. LAWRIE, E. P. GUSH — Directors

January 18 1985

ELANDSRAND

Elandsrand Gold Mining Company Limited

ISSUED CAPITAL: 96 810 825 shares of 20 cents each

	Quarter ended Dec. 1984	Quarter ended Sept. 1984	Year ended Dec. 1984
OPERATING RESULTS			
Gold			
Area mined—m² 000	98	106	383
Tons milled—000	441	945	1 915
Yield—g/t	9.19	5.60	5.50
Production—kg	2 975	2 079	19 694
Cost—R/m² mined	270.13	245.10	255.00
—R/ton milled	[illegible]	[illegible]	51.10
—R/kg produced	9 059	9 797	9 157
PRICE RECEIVED ON SALES			
Gold—R/kg	19 490	17 518	17 158
—$/oz	336	349	368
FINANCIAL RESULTS	R000	R000	R000
Gold—revenue	[illegible]	[illegible]	184 106
—costs	[illegible]	[illegible]	137 030
—profit	[illegible]	[illegible]	47 076
Net sundry income	[illegible]	[illegible]	[illegible]
Profit	36 913	20 188	101 448
Deduct:			
Appropriation for capital expenditure			52 000
Dividend—interim			14 403
—final			33 917
Retained profit for the year			1 136
Capital expenditure	16 423	12 957	52 874
Subvertical ventilation shaft extension	metres	metres	metres
Advance	22	nil	72
Depth to date	22	nil	22

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t
Ventersdorp Contact reef					
Quarter ended December 1984	7 800	1 196	97.9	19.45	1 622
Quarter ended September 1984	7 711	1 608	01.0	10.26	1 770
Year ended December 1984	28 797	6 842	86.0	18.84	1 837

(Stoping widths are included under advance metres.)

ORE RESERVES
(See note 1)

	Based on gold price per kilogram	Tons 000	Stope width cm	Gold g/t	Gold cm.g/t
Ventersdorp Contact reef					
July 31 1984	R14 000	4 004	140.2	8.85	1 144
	R15 000	4 109	136.5	8.07	1 110
	R16 000	4 109	128.5	8.47	1 108
July 31 1983	R15 000	2 785	128.7	8.63	1 000

DIVIDENDS

Details of the dividends declared in respect of the year ended December 31 1984 are as follows:

	Dividend No. 9 (Interim)	Dividend No. 3 (Final)
Declared	July 10 1984	January 17 1985
Per share	15 cents	35 cents
Payable to members registered	August 10 1984	February 9 1985
Payment date	September 14 1984	March 18 1985

CAPITAL EXPENDITURE COMMITMENTS

Orders placed and outstanding on capital contracts as at December 31 1984 totalled R10 852 000.

For and on behalf of the board
E. P. GUSH, W. R. LAWRIE — Directors

January 18 1985

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

NOTE

1. ORE RESERVES
At July 31 1984 ore reserves were estimated at a pay limit based on a gold price of R15 000 (1983: R15 000) a kilogram and, in the case of Vaal Reefs (excluding Ventersdorp Contact Reef), at a composite pay limit taking account of a uranium price which reflects the prices that the company will receive for its contracted sales in 1985. Also shown at that date are ore reserve tonnages estimated at pay limits based on gold prices of R14 000 and R16 000 a kilogram to indicate the sensitivity of the ore reserves to the gold price variations. For these exercises the uranium price was held constant.
2. DIVIDENDS
Attention is directed to an announcement published in conjunction herewith, relating to the declaration on Thursday, January 17 1985, of final dividends for the year ended December 31 1984.
3. DEVELOPMENT
Development values represent actual results of sampling, no allowances having being made for adjustments necessary in estimating ore reserves.

The Orange Free State Group's results appear on another page in this newspaper.

LONDON OFFICES: 40 HOLBORN VIADUCT, EC1P 1AJ

MINING NEWS

Elandsrand benefits from gold price and ups payout 25%

BY KENNETH MARSTON, MINING EDITOR

THE YOUNG and expanding **Elandsrand** mine and the big and well established **Vaal Reefs** feature among the December gold mining quarterly reports. And dividend payments from the **Anglo American Corporation** group of mines complete the latest South African quarterly reporting season.

Following a good increase in its December quarter net profit bringing the year's total to R101.4m (£39.5m), against R80m, Elandsrand is paying a better than expected final dividend of 35 cents (13p). This makes a total for the year of 50 cents, against 40 cents last time.

Vaal Reefs' increased final dividend of 740 cents is also at the top end of forecasts and makes a total for the year of 1,340 cents compared with 1,195 cents. The higher earnings reported for the December quarter make a 1984 total of R417.2m, up from R383.1m in the previous year.

Southvaal, which draws royalties from Vaal Reefs, has brought its year's total dividend from 395 cents to 420 cents, while 1984 earnings amounted to R110.7m (427 cents per share), against R102.9m for 1983.

Of the other final dividends, detailed in the following table, only **South African Land** is paying less than a year ago.

	Dec cents	June cents	Dec cents	June cents
Elandsrand	35	*15	20	*20
SA Land	20	*20	30	*30
Southvaal	220	*200	180	*215
Vaal Reefs	740	*600	610	*585
W. Deep	265	*185	215	*210

*Denotes interim.

Pre-tax profits of all the mines have been given a boost by higher gold prices which have offset the effects of the seasonally shorter working period. President Brand has fared less well in this respect than the others, but this counterbalances the mine's good price received in the previous three months.

GOLD PRICE RECEIVED (R per kilogramme—$ per ounce):

	Qtr ended Dec 31	Qtr ended Sept 30
ERGO	R18,428	R17,320
	($340)	($334)
Elandsrand	R19,490	R17,810
	($336)	($349)
Free S. Geduld	R19,328	R17,288
	($327)	($338)
President Brand	R19,087	R17,618
	($323)	($341)
President Steyn	R19,357	R17,424
	($330)	($340)
SA Land	R19,396	R17,354
	($329)	($335)
Vaal Reefs	R19,448	R17,554
	($337)	($338)
Western Deep	R19,453	R17,437
	($335)	($348)
Western Holdgs	R19,483	R17,318
	($330)	($338)

Among the good December quarter net profits, **East Rand Gold and Uranium (Ergo)** dump retreatment operation reflects increased production following the overhaul of the acid plant.

Western Deep had the additional advantage of a reduced tax charge and the mine's total earnings for 1984 were brought to R307.4m (R242.2m).

On the other hand a seasonal fall in capital spending resulted in higher tax for the **Orange Free State** mines which await approval of the Mining Leases Board for their proposed merger.

The impact of higher tax resulted in lower net profits for the quarter at **President Brand, President Steyn** and **Western Holdings**. These are compared with the earnings of the other mines in the following table.

	Dec qtr R000	Sept qtr R000	June qtr R000
ERGO	19,800	13,931	†12,756
Elandsrand	36,913	29,188	†18,850
FS Geduld	28,144	26,744	21,041
Pres. Brand	44,808	61,488	33,694
Pres. Steyn	29,960	30,986	28,828
SA Lnd	2,477	1,190	957
Vaal Reefs	129,841	93,485	†11,742
W. Deep	108,151	82,930	68,486
W. Holdings	46,892	61,467	33,880

†Restated.

Hercules lifts Echo's earnings

Canada's **Echo Bay Mines** is expecting a gain of 3 cents per share to fourth-quarter earnings from the sale of its Lockheed Hercules C130 aircraft to Trans-america Airlines of California for U.S.$6.5m (£5.8m).

The aircraft was used in the construction of Echo Bay's Lupin gold mine high in the North-west Territories, and during its first 12 months of operation in 1980 it set a world record for the amount of material carried by a Hercules in one year.

With the mine now in production, Echo Bay has found that it can be supplied more conveniently from an ice road between *Yellowknife* and *Lupin*, which can be kept open for 10 weeks in the winter, so the Hercules is no longer needed.

Echo Bay has also announced that it has decided not to exercise an option on the Coronation Gulf gold property of Canuc Resources, not far from the Lupin mine in the Northwest Territories. It was incorrectly reported yesterday that Echo Bay would be taking up this option.

MINING NEWS IN BRIEF

Ore reserves at the Horseshoe Lights gold project in Western Australia have been upgraded by 25 per cent following the drilling of six further holes. They are now put at 1.15m tonnes averaging 5.7 grammes gold per tonne by **Barrack Mines** which has a 45.15 per cent interest in the venture.

Other holders are **Eastern Petroleum Australia** (36 per cent) and **Samantha Exploration** (19 per cent). Barrack, which already has an 11 per cent stake in Samantha, is seeking to increase this via an offer of one share for every three in Samantha.

* * *

South Africa's **Free State Development and Investment** ("Freddies") is raising its interim dividend from 17.5 cents to 20 cents (7.7p) for the year to June 30. The total for 1983-84 was 55 cents. *Earnings* for the latest half-year amount to R1.21m (R1.13m), equal to 33.4 cents per share.

* * *

South African gold production in November was 1,841,790 oz compared with 1,807,127 oz in October, according to figures issued by the Chamber of Mines. The total for the first 11 months of 1984 amounts to 20,047,373 oz (20,125,728 oz).

Mountleigh raising £7m with loan stock rights

BY ALISON HOGAN

Mountleigh Group, the property developer and investment company, is raising £7m through a rights issue of convertible loan stock.

The rights will bring borrowings down to around £23m, roughly equivalent to shareholders' funds, a level at which the chairman, Mr Tony Clegg, says gives the group flexibility to take up further opportunities for expansion.

Mountleigh recently announced its plan to build 640 houses in eastern England which will be leased to the U.S. Airforce and which will bring income from residential property up to around half the group total.

The group, which has a number of commercial developments, recently completed a supermarket, and hopes to undertake further retail development in the future.

Its investment property portfolio has increased from £1.4m as at April 30 1980, to £39.4m while shareholders' funds rose in the same period from £3.4m to £22m.

Prior to the rights the group had 7m shares in issue of which 17 per cent are held by directors and 14 per cent by the major shareholder London & Northern.

Charterhouse Japhet is issuing the £7m 9Z per cent convertible unsecured loan stock 2005 at par on the basis of £1 nominal of stock for each ordinary share held. The stock will be convertible between 1988 and 2004 at the rate of 31 fully paid shares for each £100 nominal of stock, equal to a conversion price of 322.6p.

The shares closed 5p down yesterday at 290p.

Phillips & Drew are brokers to the issue.

McMullen £0.8m adrift

After showing a profits fall at the halfway stage, **McMullen & Sons**, brewer, reports that there was a further decline in the second half which left the full year result £870,000 adrift of the *£3.47m attained in 1982-83.*

First and second half profits amounted to £927,000 (£1.17m) and £1.67m (£2.3m) respectively.

Turnover for the 12 months to September 29 1984 rose from £21.44m to £22.34m but trading profits emerged lower at £2.38m compared with £3.15m. Taxable profits were struck after a £219,000 (£313,000) profit arising from investment sales.

The tax charge was lower at £1.09m (£1.6m) and there were extraordinary items amounting to £125,000 (£65,000). There was also an exceptional credit this time of £1.19m relating to deferred tax.

McMullen's directors say that as previously indicated the year incurred the full charge for depreciation on the new brew house, together with normal equipment commissioning costs.

They say that the new draught lager, Hartsman, was successfully launched last *summer* and advertising and promotion expenditure was doubled to achieve it.

Hardanger Properties

Hardanger Properties, USM residential and commercial property developer, is planning to graduate to a full listing, subject to *discussion* with *its* professional advisers.

Mr Derek Coombs, the chairman, told the AGM that the group did not plan to raise extra finance on graduation since it was now generating enough funds internally to meet current requirements.

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Friday January 18 1985

BP launches first Eurobond issue since 1966, Page 38

WALL STREET

IBM fails to fire enthusiasm

BLUE CHIP issues ran into a bout of profit-taking on Wall Street yesterday after IBM's eagerly awaited results failed to ignite the market's enthusiasm, *writes Terry Byland in New York.*

Heavy falls were seen in airline stocks following the announcement of a massive fare discounting programme by AMR, holding company for American Airlines, but over the full range of the market, gains remained in the majority for much of the session.

The broad range of second line stocks remained firm throughout the session, and were edging up at the final bell. The market leaders staged a good recovery from mid-session weakness which took more than 7 points of the Dow average at one time. At the close, the Dow Jones industrial average was a net 1.99 points down at 1228.69. Turnover, although below Friday's levels, was a healthy 114m shares.

Rockwell, the aerospace group, dipped $1⅛ to $30⅝ after arranging to pay $1.65bn cash for Allen-Bradley, which has been targeted both by Siemens and by an employee group.

Bond prices edged higher after news that housing starts had risen less strongly than expected in December.

There was some disappointment that the stock market again jibed at the Dow 1,230 mark. Motor stocks, which have led the advance in the Dow stocks, turned down. While IBM's earnings gain was up to expectations, the chairman's comments on the effects of the dollar unsettled drug stocks, and other export-orientated issues.

The disclosure of AMR's plans to cut air ticket prices by up to 70 per cent, right across the domestic board, fell like an axe on airline stocks.

AMR fell $1⅛ to $30⅞ in heavy volume. Close behind were Delta Airlines, $2¼ down at $43, and United Air $2⅜ lower at $45¼. The backlash caught Boeing, the main supplier of civil airliners, and it fell $1⅞ to $57⅞, also attracting warning notes from the analysts.

Among the smaller domestic airline stocks, Northwest Air slumped $1½ to $43 and Southwest Air by $⅞ to $24 – both in hefty turnover.

The results from IBM came as soon as the market opened and stock in the world computer leader made a delayed start, before slipping $¼ to $123⅞. Turnover in the shares was light, and the price dip trifling, measured against the recent recovery which has put the shares within a few dollars of the all-time high.

Other mainframe computer stocks shaded lower as they awaited profits statements. Burroughs dipped $⅛ to $61⅛, and Honeywell rallied after the results to trade $¼ up at $58⅞. Hewlett-Packard dipped $1⅜ to $35⅞ after Salomon Bros downgraded the stock from "buy" to "hold".

Among the personal computer makers, Apple fell $2⅛ to $28⅛ in heavy trading when the excellent results for the first quarter were followed by a downgrading of forecasts by several brokerage analysts. Commodore International, however, added $⅞ to $15⅛. Wang Laboratories gained a further $⅞ to $25¼.

Ford gave up $⅛ to $47½ as profits were taken after the recent rise. General Motors at $80⅝ gave up $½. Chemicals, still unsettled by the expected effect of the strong dollar on profits, had Du Pont $⅜ off at $48 and Dow Chemical down $⅛ at $28¾.

Retail issues, however, held firm, still benefiting from recent signs that consumer spending is strong. Sears Roebuck added $⅝ to $33 and others to improve were J. C. Penney, $¼ higher at $48⅞ and May Department Stores, $⅞ up at $44.

Bank stocks gave up a little of their recent strength, Citicorp easing $⅛ to $40⅝, and J.P. Morgan by $⅝ to $41¼. Thrift companies also weakened but losses were small. At $26⅞ Great Western Federation shed $⅞.

After Senator Jesse Helms' group filed with the SEC their intention to acquire stock, CBS put on a further $⅝ to $76½. Time Inc., the magazine publisher, put on $⅛ to $44⅝.

In the credit market, Dr Henry Kaufman, chief economist at Salomon Bros, discouraged hopes of any prolonged slide in prime rates. With federal funds at 8¼ per cent, short-term rates made little move. Bond yields edged up again as the market braced itself for the money supply statistics. The key long bond was up 24/32 at 102.

TOKYO

Sidelines sought as margin rises

TIGHTER restrictions imposed on margin trading in Tokyo yesterday, following the recent sharp advance in stock prices, forced some investors to the sidelines and sent the Nikkei-Dow market average down slightly, *writes Shigeo Nishiwaki of Jiji Press.*

Biotechnology-related issues, which had led the market advance since late last year, lost ground, but some incentive-backed issues continued to attract buyers.

The Nikkei-Dow lost 45.83 points to 11,887.19 on volume of 415.89m shares, down slightly from Wednesday's 455.75m. Losers outpaced gainers by 428 to 344, with 146 issues unchanged.

The margin requirement was raised by 10 per cent to 60 per cent yesterday in a move to arrest the market's hefty advance, but it had little impact on the market.

Many investors had been expecting tighter curbs on margin trading. The market had climbed in 11 of the 13 sessions from December 25 to January 16, for a net gain on the Nikkei-Dow of 493 points.

Only biotechnology-related issues reacted sensitively to the restrictive measure. They eased across a broad front, but no panic selling was evident. Yamanouchi Pharmaceutical dropped Y50 to Y2,610. Mochida Pharmaceutical Y180 to Y11,930 and Dainippon Pharmaceutical Y40 to Y4,980.

Elsewhere in the market, investors sought quick profits with purchases of medium and low-priced incentive-backed issues which had lagged behind the market advance. Tokyo Juki Industrial attracted speculative interest on the prospect of exports to China, gaining Y31 to Y636. Tokyo Rope Manufacturing also drew strength from news of brisk sales to China, adding Y12 to Y330.

Some blue-chip stocks gained ground in active trading. Hitachi, ranked sixth on the active list with 6.01m shares, rising Y7 to Y684. Fuji Photo Film also firmed Y10 to Y1,760.

But foreign activity influencing the performance of quality issues was at a low ebb. Foreign buying orders placed yesterday morning with the big four brokerage houses totalled 25.5m shares against 31m shares for selling orders.

Japan Carlit once again posted the sharpest increase, up Y80 to Y533 on increased speculative buying.

The bond market was depressed in thin trading. Bond prices firmed at one stage in response to a rebound in the yen against the U.S. dollar, but many institutional investors remained passive. The yield on the benchmark 7.3 per cent government bond due in December 1993, firmed to 6.525 per cent from Wednesday's 6.515 per cent.

EUROPE

Bundesbank policies add weight

THE BUNDESBANK'S decision to leave credit policies unchanged prompted some additional late buying demand in Frankfurt yesterday after a day that saw shares remain at record levels.

The Commerzbank index, calculated at midsession, added 2.3 to 1,151.8, for a second successive all-time high.

A mixed opening was quickly shrugged off and demand again picked up for blue chip issues as investors continued to demonstrate confidence in the outlook for the West German economy.

The Bundesbank council's decision to leave the Lombard rate unchanged came at the end of the trading day. The market had already fully discounted the possibility of a half point rise in the key rate.

Banks were beneficiaries of some of the late orders. Deutsche Bank gained DM 3.50 to DM 402, Commerzbank DM 1.30 to DM 173 and Dresdner Bank DM 1 to DM 193.

Insurer Allianz continued to firm on the second day of trading in its rights which rose DM 4 to DM 128. The stock added DM 16 to DM 1,052.

Among stores, Kaufhof eased 30 pfg to DM 224.20 as lower group turnover for 1984 was announced. Steelmaker Thyssen firmed 50 pfg to DM 88.60 as it forecast a satisfactory profit from its trading arm during the current year to September.

Siemens added DM 2.50 to DM 495.50: it lost out to Rockwell International in the contest to buy Allen-Bradley, the Milwaukee-based factory automation company.

Bonds ended steady in moderately active and mainly technical trading ahead of the outcome of the Bundesbank council meeting. However, it is expected that the decision to leave Lombard rate at 5½ per cent could provide fresh support to the market.

The Bundesbank sold DM 44.1m of paper after its sales totalling DM 39.5m on Wednesday.

Profit-taking was seen in some Zurich issues, but the Swiss Bank Industrial index still managed a 0.9 rise to another record of 405.6.

Banks and insurances firmed and an actively traded Adia added SwFr 70 to SwFr 2,450 after reporting higher annual results.

Crèdit Suisse put on SwFr 15 to SwFr 2,395 as it said it had taken over Grundig Bank, the private West German bank.

Among pharmaceuticals, Hoffmann-La Roche was unchanged at SwFr 9,025 as it forecast higher earnings for 1984. Bonds were weaker on moderate turnover.

Activity picked up after a slow start in Amsterdam which enabled many stocks to prune early losses.

Publisher Elsevier fell Fl 6.50 to Fl 115, despite its announcement of a sharply higher profit for 1984.

Political uncertainties left Brussels lower again. Declines among industrial issues were led by the BFr 130 fall to BFr 6,800 for Petrofina, which traded as low as BFr 6,560 at one stage.

Paris derived benefit from the comments by President Mitterrand, late the previous day, on the French economy and the possibility of aid for the construction industry.

CIT-Alcatel added FFr 10 to FFr 1,260 amid unconfirmed press reports that the company was expected to sign a contract with China soon to supply a telephone exchange system for Peking.

Stockholm was higher in heavy trading, again led by interest in Volvo ahead of results due on January 25. Volvo shares added SKr 21 to SKr 272.

Ericsson shed SKr 3 to SKr 272 despite the announcement of a $195m order from the Mexican telecommunications administration.

Milan was marginally easier but a modest advance in Madrid kept the stock exchange index at a record.

LONDON

March to new peaks resumed

THE RECOVERY of quality stocks showed few signs of abating in London yesterday and the FT Ordinary share index moved closer to 1,000. After taking time to consolidate a respectable early advance, the index hardened late to close 5.9 higher at a record 987.2.

While equities remained in the bullish phase, Government securities languished. A leading broking house began to sell stock unexpectedly, and shortly after opening the market became agitated. Other sellers followed and in nervous conditions longer maturities fell nearly a point before steadying after the mid-afternoon announcement of December's Public Sector Borrowing Requirement.

Chief price changes, Page 30; Details, Page 31; Share information service, Pages 30–33.

AUSTRALIA

BARGAIN HUNTING and takeover activity combined to enliven trading in Sydney with resource stock receiving their first round of support for several sessions.

Gains in the international bullion price and other metal prices reactivated the sector and left the All Resources index 4.9 higher at 453.1.

Hooker Corporation, subject of an unwelcome takeover offer announced higher projected profit figures and firmed a further 4 cents to A$2.01 with more than 2m shares changing hands.

HONG KONG

PROFIT-TAKING emerged in Hong Kong as the Hang Seng index approached the 1,400 point mark during morning trading but a broad section of leading issues closed higher.

The value of turnover reached the highest level since April 1982, with local and foreign investors providing solid underlying support to drive the index 29.61 higher at 1,388.42.

SINGAPORE

LATE BUYING support and some covering interest pushed prices forward in Singapore, although trading remained quiet.

The Straits Times index firmed 2.58 to 766.96 and turnover increased from 6.3m to 6.6m shares, due to continued interest in the speculative end of the market.

Hotel, property and commodity stocks showed strength

SOUTH AFRICA

GOLD SHARES closed below their high points in Johannesburg but remained the centre of renewed international attention following their recent weakness.

Western Deep firmed R2 to R80, while among the lower priced bullion stocks Venters added 40 cents to R17.40 and Loraine 30 cents to R7.10. Mining financials mirrored this performance with Anglo American up 35 cents to R25.35.

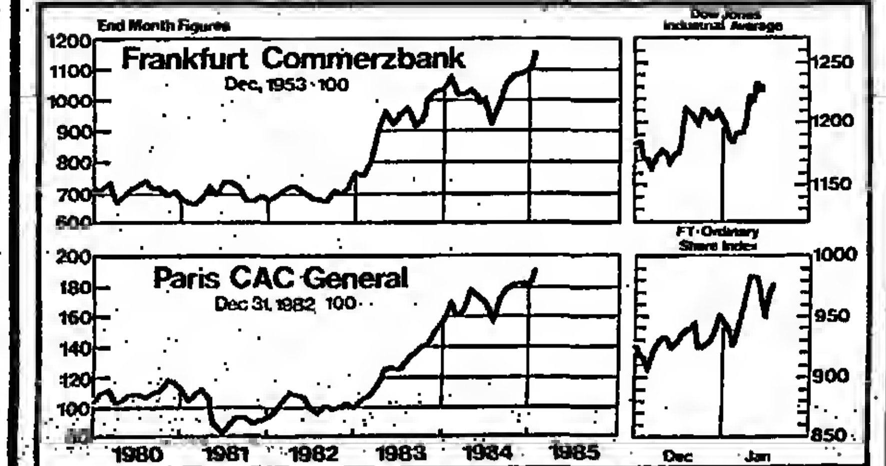
CANADA

BUSY TRADING persisted in Toronto, although sellers were able to assert control over trading and reverse the advance registered on Wednesday.

Gold stocks were a bright spot, carried by a firmer bullion market. Echo Bay Mines traded up C$¼ at C$7⅞ and Campbell Red Lake firmed C$1 higher at C$23⅞.

Banks were actively traded but the section's leaders returned only marginal price variations.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Jan 17	Previous	Year ago
NEW YORK			
DJ Industrials	1,228.69	1,230.68	1,271.46
DJ Transport	584.70	595.22	603.05
DJ Utilities	148.24	148.59	131.65
S&P Composite	170.73	171.19	167.83
LONDON			
FT Ord	987.2	981.3	823.9
FT-SE 100	1,260.4	1,254.1	1,041.9
FT-A All-share	608.39	604.53	498.45
FT-A 500	668.45	664.0	532.44
FT Gold mines	462.4	460.4	537.0
FT-A Long gilt	10.79	10.68	10.08
TOKYO			
Nikkei-Dow	11,887.19	11,933.02	10,155.57
Tokyo SE	934.15	935.77	763.03
AUSTRALIA			
All Ord.	738.8	734.3	765.0
Metals & Mins.	417.0	406.2	527.8
AUSTRIA			
Credit Aktien	58.25	58.55	55.44
BELGIUM			
Belgian SE	2,100.58	2,129.14	–
CANADA			
Toronto			
Metals & Minls	1,996.8	1,996.2	2,503.0
Composite	2,412.0	2,406.3	2,565.1
Montreal			
Portfolio	121.49	120.91	126.02
DENMARK			
Copenhagen SE	161.70	161.01	218.06
FRANCE			
CAC Gen	190.1	189.8	167.2
Ind. Tendance	104.1	105.8	89.3
WEST GERMANY			
FAZ-Aktien	399.12	396.26	355.79
Commerzbank	1,151.8	1,149.5	1,052.0
HONG KONG			
Hang Seng	1,388.42	1,358.81	989.72
ITALY			
Banca Comm.	250.15	250.27	221.28
NETHERLANDS			
ANP-CBS Gen	191.0	191.4	165.6
ANP-CBS Ind	153.4	153.2	139.4
NORWAY			
Oslo SE	308.29	311.53	234.05
SINGAPORE			
Straits Times	766.96	764.38	1,043.69
SOUTH AFRICA			
Golds	n/a	1,014.8	792.9
Industrials	n/a	902.8	981.9
SPAIN			
Madrid SE	109.23	108.87	75.76
SWEDEN			
J & P	1,458.90	1,426.68	1,523.03
SWITZERLAND			
Swiss Bank Ind	405.6	404.7	383.2
WORLD	Jan 16	Prev	Year ago
Capital Int'l	190.2	189.3	186.7

GOLD (per ounce)

	Jan 17	Prev
London	$305.00	$302.75
Zürich	$305.75	$303.00
Paris (fixing)	$305.60	$303.97
Luxembourg	$305.25	$303.35
New York (Feb)	$308.50	$304.50

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Jan 17	U.S. DOLLAR Previous	STERLING Jan 17	STERLING Previous
$	–	–	1.119	1.1185
DM	3.181	3.189	3.5575	3.5675
Yen	254.55	254.9	284.75	285.0
FFr	9.75	9.7625	10.9	10.92
SwFr	2.6785	2.675	2.9925	2.995
Guilder	3.594	3.603	4.02	4.03
Lira	1,953.0	1,954.0	2,185.25	2,185.0
BFr	63.65	63.75	71.25	71.4
C$	1.32675	1.32455	1.4845	1.4825

INTEREST RATES

	Jan 17	Prev
Euro-currencies (3-month offered rate)		
£	12 1/16	12⅛
SwFr	5 5/16	5½
DM	5⅞	6
FFr	10⅞	10 15/16
FT London Interbank fixing (offered rate)		
3-month U.S.$	8½	8 7/16
6-month U.S.$	8 11/16	8⅝
U.S. Fed Funds	8 13/16*	8⅝
U.S. 3-month CDs	8.05*	8.15
U.S. 3-month T-bills	7.72*	7.73

U.S BONDS

Treasury	Jan 17* Price	Jan 17* Yield	Prev Price	Prev Yield
9⅞ 1986	99 27/32	9.92	99 24/32	9.94
11⅝ 1992	101 14/32	11.32	101 6/32	11.37
11⅝ 1994	100 24/32	11.47	100 21/32	11.51
11¾ 2014	102	11.58	101 26/32	11.60
Corporate				
AT & T				
10⅜ June 1990	95⅞	11.40	95⅞	11.40
3⅞ July 1990	73⅞	10.25	73⅞	10.25
8¾ May 2000	77	12.10	77	12.10
Xerox				
10⅞ March 1993	94	11.80	94	11.80
Diamond Shamrock				
10⅞ May 1993	91⅝	12.25	91⅝	12.25
Federated Dept Stores				
10⅞ May 2013	86¾	12.30	86¾	12.30
Abbot Lab				
11.80 Feb 2013	94½	12.50	94½	12.50
Alcoa				
12¼ Dec 2012	96⅛	12.75	96⅛	12.75

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Mar	70–27	71–05	70–23	70–25
U.S. Treasury Bills (IMM) $1m points of 100%				
Mar	91.92	91.97	91.92	91.91
Certificates of Deposit (IMM) $1m points of 100%				
Mar	91.29	91.33	91.26	91.25
LONDON				
Three-month Eurodollar $1m points of 100%				
Mar	90.98	91.00	90.87	90.92
20-year National Gilt £50,000 32nds of 100%				
Mar	104–09	104–25	104–04	104–25

COMMODITIES

(London)	Jan 17	Prev
Silver (spot fixing)	551.45p	535.85p
Copper (cash)	£1,234.25	£1,215.50
Coffee (Mar)	£2,371.50	£2,359.50
Oil (spot Arabian Light)	$27.95	$28.10

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
23½	16⅛	AAR	.48	2.8	14	14	18⅝	18½	18⅝	+¼
30½	9⅝	AGS			12	149	15⅝	15¼	15½	+¼
17⅞	13⅞	AMF	.50	3.3	85	346	15⅜	15	15¼	+¼
41⅛	24⅛	AMR			5	39796	35⅝	34	35⅛	−1⅞
20⅝	18⅛	AMR	pf2.18	11.		15	19½	19⅛	19⅛	−¼
41⅛	27½	AMR	pf2.13	6.0		670	35½	34	35¼	−2⅞
14¼	8½	APL			3	2	10½	10½	10½	−⅛
69¼	44⅛	ASA	3	6.0		848	50	48⅝	50	+1⅛
28½	16	AVX	.32	1.8	10	472	17⅞	17⅛	17⅞	−⅛
48¾	36¾	AbtLab	1.20	2.7	14	3379	44½	43⅞	44⅛	+⅛
23⅞	16½	AccoWd	s.44	2.0	18	1059	22⅝	22	22	−½
27	12½	AcmeC	.40	2.5		228	16⅛	15⅞	16⅛	+1⅛
12⅝	8¼	AcmeE	.32b	3.2	14	216	9⅝	9⅛	9⅝	+½
18⅝	15	AdaEx	2.11e	13.		107	15⅞	15⅝	15⅝	
18⅝	11⅞	AdmMl	.32	2.1	8	7	15½	15½	15½	+⅛
20⅝	8⅝	AdvSys	.81t	6.6	20	1367	12¼	10⅞	12⅛	+1⅛
41⅛	25⅛	AMD			13	4019	33⅝	32	33	−⅛
13	6⅞	Advest	.12	1.3		64	9⅛	9	9⅛	+⅛
14⅝	8⅝	Aerflex			11	66	11⅞	11½	11⅛	
39	27¼	AetnLf	2.64	7.0	31	1290	38	37½	37⅝	−⅛
34½	15⅝	Ahmns	1.20	4.2	13	2060	28⅛	28½	28⅛	+¼
5⅛	2⅝	Aileen			30	5	3	3	3	+⅛
48⅛	36½	AirPrd	1.20	2.6	10	432	45⅝	45⅛	45⅝	+¼
30½	13	AirbFrt	.60	2.9	11	99	21	20⅞	20½	−⅛
1⅛	⅝	AlMoa	.5		23	1251	1⅛	1½	1⅛	
27⅛	21	AlaP	pf2.97e	12.		220	25⅛	25⅛	25⅛	+⅛
7⅞	6	AlaP	dpf.67	12.		21	7⅛	7⅛	7⅛	−½
101	85¼	AlaP	pf 11	11.		z480	97⅛	97	97⅛	+¼
74¼	63½	AlaP	pf9.44	13.		z6100	u74⅝	72⅛	74⅝	+2⅝
65¼	57	AlaP	pf8.16	13.		z350	u65½	64	64	−1
13⅝	10⅝	Alagsc	s.92	7.5	6	18	12⅝	12⅛	12¼	−⅜
17⅛	9⅝	AlskAir	.14	.9	8	1992	15⅝	14⅞	15	−½
22⅝	15⅛	Alberto	.54	2.5	19	17	21½	21⅛	21½	+⅛
29½	22½	Albtsns	.68	2.5	12	876	27⅛	26⅞	27⅛	+⅛
40½	23½	Alcan	1.20	4.1	10	1929	29⅝	29⅛	29⅜	−⅛
38⅝	27⅞	AlcoStd	1.20	3.8	11	519	31⅞	31⅜	31½	+⅛
26¼	17	AlexAlx	1	3.8		206	26⅛	25⅝	26	
28½	17⅛	Alexdr			25	34	23	23	23	
87⅛	62⅝	AlgCp	1.14t	1.5	8	31	75⅛	75	75	−⅛
26¼	23	AlgCp	pf2.69	11.		3	25⅛	25⅛	25⅛	+⅛
33⅞	18⅛	Algint	1.40	5.5	29	107	25½	25⅛	25⅛	
22⅝	15⅛	Algin	pf2.19	12.		11	19	19	19	+⅛
93½	81	Algi	pfC11.25	12.		46	92	91½	91⅛	
30	24⅝	AllgPw	2.70	9.1	6	231	29⅞	29½	29⅝	−⅛
25¼	15⅛	AllenG	.60b	3.2	11	186	18⅝	18	18⅝	+⅛
37⅞	28¼	AldCp	s1.80	5.1	9	2336	35⅛	35⅛	35⅛	
63⅝	53⅞	AldCp	pf6.74	11.		15	59⅝	59⅛	59⅝	+⅛
112⅛	99	AldCp	pf 12	11.		4	104⅞	104⅝	104⅝	−⅛
107½	100¼	AldC	pf12.49e	12.		z100	103½	103½	103½	−⅛
23½	10⅛	AlldPd				22	19⅝	19⅝	19⅝	+¼
56⅛	38	AldStr	2	3.8	8	1689	52⅝	51⅞	52	−½
16⅝	5⅛	AlisCh				285	7⅞	6⅞	7⅛	+½
40	24	AlisC	pf			81	28⅛	28	28⅛	+1
25⅞	20	ALLTL	1.64	7.1	9	98	25⅝	25½	25⅝	
27	20⅛	AlphPr	.40e	1.9	18	1	21⅛	21⅛	21⅛	−⅛
48½	30⅛	Alcoa	1.20	3.1	9	2994	39	38½	38⅞	
27⅛	15½	Amax	.20	1.2		373	17⅛	17	17⅛	−⅛
43⅝	32½	Amax	pf 3	9.1		10	32⅞	32⅝	32⅞	−⅛
34⅝	25⅛	AmHes	1.10	4.5	9	7194	25⅛	24	24½	−½
144	98⅝	AHes	pf3.50	3.2		1	108	108	108	+2½
3	1⅛	AmAgr				390	2⅛	2⅛	2⅛	−⅛
19	14⅛	ABakr			11	345	18⅛	18⅛	18½	+½
60⅛	52⅞	ABrand	3.75	5.9	9	956	63½	62⅛	63½	−⅛
28½	24⅝	ABrd	pf2.75	11.		1	25⅝	25⅝	25⅝	−⅛
66	53	ABrd	pf2.67	4.2		2	63½	63½	63½	−1⅛
77⅛	50⅞	ABdcst	1.60	2.5	10	3792	65½	64	64⅛	+⅞
25¼	19½	ABldM	.86	3.5	11	69	24½	23⅞	24⅛	+⅜
23⅝	17⅛	ABusPr	.56	2.6	13	29	21⅛	21⅛	21⅛	+⅛
55	40⅞	AmCan	2.90	5.9	12	1065	49⅞	49½	49⅝	
24¼	21⅛	ACan	pf2.80	12.		3	23⅛	23½	23½	−⅛
48	38	ACan	pf 3	6.9		21	43½	43⅛	43⅛	−⅛
109	103	ACan	pf13.75	13.		3	107	107	107	
19⅛	16⅛	ACapBd	2.20	11.		51	u19⅞	19½	19½	−⅛
33⅛	25⅛	ACapCv	6.56e	23.		37	28⅞	28⅝	28⅝	
14¼	6⅛	ACentC			4	126	8⅛	6	8⅛	+½
53⅛	42⅞	ACyan	1.90	3.7	11	1069	51⅛	51	51⅛	−⅛
29⅛	18⅛	ADT	.92	3.7	24	909	24⅛	23½	24⅛	+1⅛
21⅛	15⅛	AEIPw	2.26e	11.	8	1415	21⅛	21⅛	21⅛	
39	25	AmExp	1.28	3.4	20	6357	38⅛	37½	37⅝	−⅛
26⅛	13⅛	AFamil	.84b	2.5	13	95	25⅞	25½	25⅝	+½
27	19⅞	AGnCp	.90	3.3	10	2649	u27⅛	27	27⅛	+⅛
9⅛	5⅝	AGnl	wt			411	8⅝	8⅝	8⅛	

Continued on Page 29

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
7⅛	3⅞	ADI	s		19	31	5⅛	5⅛	5⅛	−⅛
3⅛	1⅞	ADI	wd			10	2⅛	2⅛	2⅛	−⅛
15⅞	8¼	ALLab	n .20	1.8	10	433	11½	10½	11	+⅛
15⅝	12	AMC	n .12	.8	12	159	15⅝	15	15⅛	−⅛
4⅞	2⅞	AM	ind			950	3¼	3⅛	3¼	
73⅞	58	ATTFd	r6.52e	7.8		59	73¼	72¾	73	
6½	2⅞	AcmePr			32	167	5½	4⅞	5½	+⅛
15¼	8½	AcmeU	.32	3.2	11	151	10	9¾	10	+⅛
15⅞	8⅞	Action			38	81	15⅞	15¼	15¼	−⅛
6⅞	3⅞	Acton				20	4⅞	4⅞	4⅞	−⅛
3⅞	1½	AdmRs			3	63	2⅞	2⅞	2⅞	
26⅝	15⅞	AdRusl	.14	.5	20	11	25¾	25½	25½	−⅛
24¼	15	Adobe	.24	1.4	11	148	18	17⅞	17⅞	+⅛
8⅞	4⅞	Aeroco			7	116	6⅞	6⅞	9¼	−⅛
35¼	16½	AffHsp	.44	1.2	15	40	35¼	35¼	35¼	+⅛
50⅝	38½	AffPub	.80	1.6	15	6	48⅞	48¾	48¾	−⅛
9⅞	6	AirExp			6	20	7⅞	7⅞	7⅞	
14¼	8⅞	Aircal				144	8¾	8⅛	8⅞	−½
5¼	2⅞	Alamco			7	111	3⅞	3⅞	3⅞	−⅛
75⅞	65½	AlbaSp	n			55	74½	73⅞	74⅞	+⅛
14	6⅞	AlbaW			9	38	8½	8	8⅛	+½
4⅞	2	AlnTre				3	2⅞	2¾	2⅞	+¼
9¼	6⅞	Aloha			1	14	6⅞	6½	6⅞	+¼
21⅛	9½	Alphaln	.05	.4	14	12	11¼	11⅛	11⅛	−⅛
1⅞	½	Altex				397	1⅛	13-16	1⅛	+1-16
⅞	⅛	Altex	wt			6	¼	3-16	3-16	
34¼	28⅞	Alcoa	pf3.75	12.		z5550	32½	31⅛	32¼	+⅛
22	11	AlzaCp			63	1466	u24⅞	21⅞	23⅞	+2⅞
20¼	9½	Amdahl	.20	1.4	13	525	14⅞	14	14¼	−⅛
16⅞	6½	Amedco	.08	.9		62	9⅞	9	9	−½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 28

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

Jan. 17	Price Sch%	+ or —
Creditanstalt	226	.....
Goesse	357	—2
Interunfall	408	+3
Laenderbank	225	—1
Perlmooser	581	+3
Steyr-Daimler	160	—3
Veitscher Mag.	251	—4

BELGIUM/LUXEMBOURG

Jan. 17	Price Frs.	+ or —
B.B.L.	1,220	—30
Banq. Int. A. Lux	5,550	.....
Bekaert B	4,400	—10
Ciment CBR	2,500	—5
Cockerill	257	—4
Delhaize	5,640	.....
EBES	9,755	—55
Electrobel	8,110	—60
Fabrique Nat	2,020	—20
GB Inno BM	3,000	—50
GBL (Brux)	2,000	—20
Gevaert	3,600	—8
Hoboken	6,130	—10
Intercom	2,025	—15
Kredietbank	7,700	.....
Pan Hldgs.	10,100	.....
Petrofina	6,600	—130
Royale Belge	10,150	—100
Soc. Gen. Banq	3,255	—5
Soc. Gen. Belge	1,800	—5
Sofina	7,150	—150
Solvay	4,050	—40
Stanwick Intl.	1,450	.....
Traction Elec.	5,750	—45
UCB	4,626	—215
Wagon Lits	2,005	—20

DENMARK

Jan. 17	Price Kr%	+ or —
Andelsbanken	263	+1
Baltic Skand	655	+5
CopHandelsbank	262	+1
D. Sukkerfab	475	+5
Danske Bank	262	.....
De Danske Luft.	1,120	.....
East Asiatic	138	.....
Forenede Brygg.	795	.....
Forenede Damp.	97	+2
GNT Hldg	368	+7
I.S.S.B.	345	.....
Jyske Bank	505	—5
Novo Ind.	1,420	+26
Privatbanken	227	+1
Provinsbanken	313	.....
Smidth (F)	219	—1
Sophus Berend	900	+15
Superfos	490	+9

FRANCE

Jan. 17	Price Frs.	+ or —
Emprunt 4½% 1973	1,645	+4
Emprunt 7% 1973	7,680	—540
Accor	257.0	+1.5
Air Liquide	066	.....
BIC	538	+2
Bongrain	1,755	—5
Bouygues	742	+10
BSN Gervais	2,590	—38
CIT Alcatel	1,260	+10
Carrefour	1,850	—12
Club Mediter'n	1,168	+6
Cie Bancaire	699	+6
Cofimeg	251.6	+1.6
Damart	2,400	+9
Darty	1,075	—18
Dumez S.A.	720	—6
Eaux (Cie Gen)	587	+30
Elf Aquitaine	224.0	—1.1
Essilor	2,950	+25
Gen. Occidentale	669	+3
Imetal	77.0	—0.4
Lafarge Coppee	580.1	+9.1
L'Oreal	2,380	+17
Legrand	2,049	+51
Maisons Phenix	220	—2
Matra S.A.	1,750	+10
Michelin B	767	—15
Midi (Cie)	2,188	+22
Moet Hennessy	1,955	+4
Moulinex	97.0	—1.6
Nord Est.	79.8	—0.7
Pernod Ricard	692	—7
Perrier	470.1	—5.9
Petroles Fra.	253.0	—2.3
Peugeot S.A.	251	.....
Printemp.Aus.	179.5	—2.0
Radiotech	235.5	+7.4
Redoute	1,215	+5
Roussel Uclaf	1,615	+10
Selimeg	294	+2
SkisRossignol	1,908	+9
Telemech Elect.	2,220	+20
Thomson CSF	436	—2
Valeo	237	+6.2

GERMANY

Jan. 17	Price Dm.	+ or —
AEG-Telef.	106	+1.5
Allianz Vers.	1052xr	+18
BASF	184	+1.4
Bayer	194.8	+26
Bayer-Hypo	528.5	—2.5
Bayer-Verein	345.5	—5.5
BHF-Bank	284	+6
BMW	384	+4
Brown Boveri	196.5	—1.5
Commerzbank	173	+1.3
Cont'l. Gummi	122.5	+0.8
Daimler-Benz	628	+8
Degussa	338	.....
D'sche Babcock	150.5	+2
Deutsche Bank	402	+3.5
Dresdner Bank	193	+1
GHH	165	—3.5
Hochtief	480	.....
Hoechst	187.7	+1.5
Hoesch Werke	101.9	+2.0
Holzmann (P)	394	+0.2
Horten	185.5	.....
Hussel	298	—3
Karstadt	240	.....
Kaufhof	224.2	—0.3
KHD	265	.....
Kloeckner	76.9	+0.4
Linde	394	+1
Lufthansa	105.5	+1.5
MAN	165.5	+0.5
Mannesmann	155.5	+1.2
Mercedes Hlg.	657	+12
Metallgesell	214	—1
Muench Rueck	1280	+28
Nixdorf	534	+2
Porsche	1097.5	—15.5
Preussag	283	+0.3
Rhein West Elect	170.7	—1.8
Rosenthal	248	.....
Schering	459	—4.2
Siemens	495.8	+2.5
Thyssen	88.6	+0.5
Varta	177	+1
Veba	173.8	+1.6
V.E.W.	123	—0.5
Verein-West.	306	.....
Volkswagen	204	—0.3

ITALY

Jan. 17	Price Lira	+ or —
Banca Com'le	17,630	+30
Bastogi IRBS	165	—10
Centrale	2,560	+58
Credito Varesino	4,100	—100
Fiat	2,260	+43
Finsider	63	+2
Generali Assicur.	39,500	+490
Invest	2,925	.....
Italcementi	77,800	—200
La Rinascente	556	+2
Montedison	1,430	—1
Olivetti	6,295	+130
Pirelli Co.	3,630	—25
Pirelli Spa	2,032	+48
Snia BPD	2,295	—30
Toro Assic.	13,450	+50
do. Pref.	10,160	—20

NETHERLANDS

Jan. 17	Price Fls	+ or —
ACF Holding	195	—2.5
AEGON	161	+0.7
Ahold	203.5	+0.5
AKZO	101	+0.4
ABN	378	—0.5
AMEV	227	—0.5
AMRO	71.7	.....
Bredero Cert.	150.5	—0.5
Bos Kalis Westm.	13.5	+0.5
Buehrmann Tet.	93	—2
Calland Hldgs.	32.9	+0.8
Dordtsche Pet'm	160.3	—3.1
Elsevier NDU	116	—6.5
Fokker	94.5	—0.3
Gist Brocades	176	.....
Heineken	151.5	+0.5
Hoogovens	62.6	—0.7
Int Mueller	42.4	—0.1
KLM	48.6xo	—0.5
Naarden	48.5	+0.1
Nat Ned Cert	288	+2.5
Ned Mid Bank	150.8	+0.8
Nedlloyd	158.0	—1.3
Oce Grinten	295	—0.5
Ommeren (Van)	26.3	—0.4
Pakhoed	74.3	+0.3
Philips	67.4	+0.3
Robeco	72.5	+0.2
Rodamco	136.8	—0.1
Rolinco	60.8	+0.4
Rorento	43.6	.....
Royal Dutch	177.6	—1.6
Unilever	328.9	+1.5
VMF Stork	145	—1
VNU	219	—0.5
West Utr Bank	111	+2

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NORWAY

Jan. 17	Price Kroner	+ or —
Bergens Bank	166	—1.5
Borregaard	357.5	—12.5
Christiania Bank	162.5	.....
DenNorske Cred	169	+1
Elkem	128.5	—4.5
Kvaerner	172.5	—5.5
Norsk Data	302.5	+2.5
Norsk Hydro	104	—3.5
Storebrand	231	—6.5

SPAIN

Jan. 17	Price Pts%	+ or —
Bco Bilbao	315	+2
Bco Central	310	.....
Bco Exterior	201	.....
Bco Hispano	164	—2
Bco Popular	590	+4
Bco Santander	332	.....
Dragados	170	—4
Hidrola	87.2	.....
Iberduero	90.7	+0.2
Petroleos	182	+4.8
Telefonica	102.7	—1.0

SWEDEN

Jan. 17	Price Kronor	+ or —
AGA	670	.....
Alfa-Laval	208	+5
ASEA (Free)	350	.....
Astra (Free)	420	+20
Atlas Copco	114	+5
Cardo (Free)	285	—3
Cellulosa	139	+6
Electrolux B	266	+4
Ericsson	272	—3
Esselte	580	+5
Mo Och Domsjo	282	—3
Pharmacia	205	—7
Saab Scania Free	450	—5
Sandvik	395	+5
Skandia	270	+1
Skan Enskilda	50	+0.6
SKF	194	+7
St Kopparbergs	170	.....
Sven Handelsbn.	198	+1
Swedish Match	252	—2
Volvo B (Free)	279	+21

SWITZERLAND

Jan. 17	Price Frs.	+ or —
Alusuisse	778	—7
Bank Leu	3,800	.....
Brown Boveri	1,505	+6
Ciba Geigy	2,650	+15
do. (Part Certs)	2,125	+10
Credit Suisse	2,395	+16
Elektrowatt	2,750	.....
Fischer (Geo.)	640	+6
Hoff-Roche PtCts	90,250	.....
Hoff-Roche 1/10	9,025	.....
Jacobs Suchard	6,400	.....
Jelmoli	1,990	.....
Landis & Gyr	1,885	.....
Nestle	6,010	—10
Oer-Buehrle	1,360	+10
Pirelli	265	—1
Sandoz (Br)	7,550	.....
Sandoz (PtCts)	1,215	—5
Schindler (PtCts)	700	+20
Sika	1,110	—20
Surveillance	4,145	.....
Swissair	1,105	.....
Swiss Bank	366	—1
Swiss Reinsce	0,525	+25
Swiss Volksbk	1,495	.....
Union Bank	3,605	.....
Winterthur	3,520	—50
Zurich Ins.	19,350	+150

AUSTRALIA

Jan. 17	Price Aust $	+ or —
ANZ Group	6.3	—0.14
Alliance Oil Dev.	1.05	.....
Ampol Pet.	1.75	—0.01
Ashton	0.79	+0.01
Aust Cons Ind.	1.07	.....
Aust. Guarantee	2.62	.....
Aust. Nat. Inds	2.45	+0.03
Aust. Paper	2.85	+0.03
Bell Group	4.8	—0.05
Bell Res.	4.45	—0.05
Bond Corp Hldgs	1.19	+0.01
Boral	3.28	+0.05
Bougainville	1.72	+0.06
Brambles Inds.	3.68	—0.02
Bridge Oil	2.25	.....
B.H. Prop.	5.08	+0.02
CRA	5.12	+0.22
CSR	2.75	—0.13
Carlton Utd	4.3	.....
Castlemaine Tys.	4.29	+0.01
Coles (G.J.)	3.96	—0.02
Comalco "A"	2.08	+0.05
Consolidated Pet	0.49	—0.01
Costain Aust	1.3	.....
Dunlop Aust.	2	—0.03
Elders IXL	3.03xc	—0.03
Energ Res.	1.3	.....

AUSTRALIA (continued)

Jan. 17	Price Aust. $	+ or —
Gen Prop Trust	2.16	—0.04
Hardie (James)	3.05	+0.05
Hartogen Energy	2.22	—0.03
Herald W'yTimes	3.75	.....
ICI Aust.	2.12	+0.04
Jimberlana F.P.	0.3	.....
Kia Ora Gold	0.11	—0.01
Lend Lease	6.4	.....
MIM	2.44	+0.0
Mayne Nickless	3.05	+0.05
Myer Emporium	1.84	+0.04
Nat. Aust. Bank	3.8	—0.01
News	10.9	.....
Nicholas Kiwi	5.12	.....
North Bkn Hill	2.12	—0.07
Oakbridge	0.64	—0.02
Pancontl	0.02	.....
Pioneer Conc.	1.7	.....
Poseidon	2.75	.....
Queensland Coal	1.15	+0.02
Reckitt & Coln.	5.1	.....
Repco	1.14	.....
Santos	8.16	—0.02
Smith (Howard)	3.5	—0.05
Thos. Natwide	1.86	—0.01
Tooth	5.8	.....
Vamgas	3.05	.....
Western Mining	2.9	+0.12
Westpac Bank	5.43xc	+0.02
Woodside Petrol.	0.89	.....
Woolworths	2.8	.....
Wormald Intl	3.18	—0.02

HONG KONG

Jan. 17	Price H.K.$	+ or —
Bank East Asia	25.4	+0.1
Cheung Kong	14.3	+0.5
China Light	15.1	+0.1
Evergo	1.45	.....
Hang Seng Bank	42.25	+1.5
HK Electric	7.55	+0.05
HK Kowloon Wh.	8.25	+0.1
HK Land	4.52	+0.12
HK Shanghai Bk.	9.25	+0.10
HK Telephone	59.5	+1.6
Hutchison Wpa.	19.9	+0.7
Jardine Math.	9.5	+0.1
New World Dev.	8.6	+0.2
Orient O'seas	2.75	+0.05
O'seas Trust Bk.	2.85	—0.02
SHK Props	9.5	+0.55
Shell Elect.	2.05	.....
Swire Pac A	25.6	+1
TV—B	6	+0.2
Wheel'k Mard A.	4.4	+0.1
Wheel'k M'time	1.1	.....
World Int. Hldgs.	1.98	.....

JAPAN

Jan. 17	Price Yen	+ or —
Ajinomoto	1,110	—10
Alps Electric	2,090	+40
Amada	1,180	—20
Asahi Chem.	684	—17
Asahi Glass	023	—6
Bridgestone	545	.....
Canon	1,490	—20
Casio Comp.	1,910	—60
Chugai Pharm.	1,040	—40
Citizen	600	—6
Daiei	630	.....
Dai Nippon Ptg.	981	.....
Daiwa House	965	—5
Ebara	340	—5
Eisai	1,460	—10
Fanuc	11,010	—120
Fuji Bank	1,470	+40
Fuji Film	1,780	+10
Fujisawa	1,060	—10
Fujitsu	1,370	—20
Green Cross	1,730	—50
Hasegawa	350	—5
Heiwa Real Est.	650	—19
Hitachi	884	+7
Hitachi Credit	1,150	—10
Honda	1,330	+10
House Food	711	—0
Hoya	2,140	—20
Itoh (C)	365	+7
Ito. Yokado	2,610	.....
Iwatsu	1,480	.....
JACCS	346	.....
JAL	5,590	—20
Jusco	740	—1
Kajima	278	—8
Kao Soap	860	+2
Kashiyama	617	—2
Kirin	668	—2
Kokuyo	960	—5
Komatsu	476	+1
Konishiroku	886	—12
Kubota	328	—4
Kumagai	635	.....
Kyoto Ceramic	6,990	+60
Maeda Const.	474	—1
Makino Milling	1,310	+60
Makita	1,080	.....
Marubeni	317	+2
Marudai	560	—5
Marui	1,100	.....
MEI	1,590	—10
M'ta Elec Works	648	+16
M'bishi Bank	1,390	.....
M'bishi	555	—5
M'bishi Elec.	409	—1
M'bishi Estate	590	+6

JAPAN (continued)

Jan. 17	Price Yen	+ or —
MHI	250	—7
Mitsui Co	342	—3
Mitsui Estate	607	—10
Mitsukoshi	389	—4
NGK Insulators	564	.....
Nihon Cement	225	—2
Nippon Denso	1,550	—20
Nippon Elect	1,230	—20
Nippon Express	342	—2
Nippon Gakki	1,650	—20
Nippon Kokan	138	.....
Nippon Oil	960	+13
Nippon Seiko	685	—8
Nippon Shimpan	566	—3
Nippon Steel	152	—1
Nippon Suisan	339	—3
NTV	13,200	—200
Nippon Yusen	280	—4
Nissan Motor	620	+7
Nisshin Flour	486	—6
Nisshin Steel	171	—2
Nomura	950	—5
Olympus	1,200	—10
Orient Leasing	5,600	—100
Pioneer	3,040	—20
Renown	638	—7
Ricoh	951	—24
Sankyo	062	—10
Sanyo Elect.	467	+1
Sapporo	406	—4
Sekisui Prefab	570	—6
Seven Eleven	9,000	.....
Sharp	1,110	—20
Shimadzu	820	—8
Shionogi	695	—3
Shiseido	1,140	—10
Sony	3,230	—60
Stanley	915	—40
S'tomo Bank	1,780	—10
S'tomo Elect	946	—11
S'tomo Marine	621	—0
S'tomo Metal	152	.....
Taihei Dengyo	498	.....
Taisei Corp	201	+1
Taisho Pharm.	997	—15
Takeda	795	—4
TDK	5,350	+20
Teijin	456	—8
Teikoku	666	—1
Tokyo Marine	770	+11
TBS	848	—4
Tokyo Elect Pwr	3,640	—30
Tokyo Gas	171	—1
Tokyo Sanyo	725	—10
Tokyo Style	765	+13
Tokyu Corp.	523	+3
Toppan Print	905	—5
Toray	460	—2
Toshiba Elect.	429	+1
TOTO	709	—2
Toyo Seikan	840	.....
Toyota Motor	1,260	—10
Victor	2,120	—10
Wacoal	735	—5
Yamaha	709	—2
Yamanouchi	2,610	—50
Yamazaki	630	—9
Yasuda Fire	338	—2
Yokogawa Bdge.	443	—2

SINGAPORE

Jan. 17	Price $	+ or —
Boustead Hldgs.	1.52	+0.02
Cold Storage	2.40	.....
DBS	5.55ee	+0.15
Genting	4.8	+0.06
Haw Par. Bros.	1.92	+0.02
Hong Leong Fin	2.0	.....
Inchcape Bhd.	2.45	+0.01
Keppel Shipyard	1.42	—0.01
Malay Banking	6.35	.....
Malay Utd. Ind.	2.3	—0.05
Multi Purpose	0.01	+0.01
OCBC	8.65	+0.05
OUB	5.72	.....
Public Bank	1.65	—0.03
Sime Darby	1.67	—0.01
Singapore Press	6.05	—0.1
Straits Trdg	4.26	+0.04
Tat Lee Bk.	2.74	—0.01
UOB	4.22	+0.1

SOUTH AFRICA

Jan. 17	Price Rand	+ or —
Abercom	1.15	.....
AE&CI	7.55	.....
Anglo Am Coal	41.5	—0.25
Anglo Am Corp	25.35	+0.85
Anglo Am Gold	186.5	+3
Barclays Bank	15	—0.25
Barlow Rand	10.5	.....
Buffels	75	+0.75
CNA Gallo	2	+0.1
Currie Finance	4.15	.....
De Beers	8.73	—0.04
Driefontein	84.5	+0.5
FS Geduld	52	+1.5
Gold Fields SA	28.75	+0.25
Highveld Steel	4	+0.05
Nedbank	10.6	—0.3
OK Bazaars	14	.....
Protea Hldgs	1.35	.....
Rembrandt	30.5	.....
Rennies	13.98	.....
Rust Plat	16.9	+0.3
Sage Hldgs	6.75	.....
SA Brews	6.55	.....
Smith (CG)	21.5	—0.25
Tongaat Hulett	6.35	+0.05
Unisec	4.45	.....

OVER-THE-COUNTER *Nasdaq national market, closing prices*

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Continued on Page 38

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES

Ex 2½ 87	£86¼	+£⅞
Argyll Group	285	+15
BOC	296	+9
British Telecom	129	+4
CRA	372	+14
Cable & Wire	512	+10
CASE	300	+20
Elect. Machine	42	+6
Eurotherm Intl	340	+45
Hogg Robinson	261	+4
Hoskins & H	320	+18
ICI	786	+10
London U Invs	268	+6
MIM Hldgs	180	+7
Norbain Elect	295	+10
Reckitt & C	545	+13
RTZ	815	+12
SGB	170	+38
TI	346	+8
Telev Services	217	+17
Trident TV A	209	+9
Western Mining	204	+9

FALLS

Tr 12% 03/05	£113½	—£⅞
GEC	208	—6

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 29

[illegible]

CANADA

TORONTO
Closing prices January 17

[illegible]

MONTREAL
Closing prices January 17

[illegible]

MARKET REPORT

Equity upsurge continues but Government stocks wilt in nervous trading

Account Dealing Dates

Option *First Dealings	Declara-tions	Last Dealings	Account Day
Dec 24	Jan 10	Jan 11	Jan 21
Jan 14	Jan 24	Jan 25	Feb 4
Jan 28	Feb 7	Feb 8	Feb 18

* "New-time" dealings may take place from 9.30 am two business days earlier.

The spectacular strength of top-quality stocks showed few signs of abating in London yesterday and the FT Ordinary share index moved even nearer 1,000. After taking time to consolidate a respectable early advance, the index hardened late to close 5.9 up at a record 987.2.

While equities enjoyed a continuation of the current bull phase, Government securities languished under a fresh cloud of depression. A leading broking house began to sell stock quite unexpectedly and shortly after the opening the market became agitated. Other sellers were attracted and in nervous conditions longer maturities fell nearly a point before steadying after announcement at 2.30 pm of December's Public Sector Borrowing Requirement.

The figure of £573m was disappointing, but not as bad as some predictions and Gilt-edged stocks rallied before easing again in the after-hours' trade to close near the session's lowest. Sterling's maintained stability against the dollar failed to influence sentiment.

Following the PSBR news, industrial shares began to emerge from a quiet afternoon spell and shortly after 3 pm dealers ran into a fresh bout of institutional activity. Enthusiasm was dampened, however, by early Wall Street uncertainty and this development gradually brought London values away from the highest. Most constituents of the FT-30 share index were included, British Telecom closing 4 higher at 129p, after having reached a record 130p around 4 pm.

Hogg Robinson rise

Hogg Robinson continued to attract a good speculative business on takeover hopes and closed a further 4 better for a rise so far on the week of 16 at 261p; recent demand has been stimulated by the sale of Aitken Hume's 5.1 per cent stake in the group to an un-named concern. Elsewhere in Lloyds Brokers, PWS International moved up 10 to 485p and Stewart Wrightson hardened 5 to 555p. Life issues gained ground led by Pearl, at £11¼, up ⅜. London United revived among Composites with an improvement of 8 at 268p.

Clearing banks closed well below the day's best. Barclays finished only a penny dearer at 583p, after 588p, while Midland firmed 3 to 345p, after 348p.

Educational video production concern Spafax TV staged an impressive debut in the Unlisted Securities Market; the shares, placed at 88p, opened at 81p and moved up to 91p prior to closing at 88p.

Distillers, neglected recently despite its overseas earnings prospects, attracted steady support and advanced 11 to 304p, after 307p, following an encouraging circular from brokers Wod Mackenzie. Leading Breweries closed narrowly mixed after a brisk two-way trade. Bass shed a few pence to 500p, but publicity given to a recent meeting with analysts lifted Greenall Whitley 2 to 180p. Regionals showed rises across the board. Greene King advanced 6 to 164p, while similar gains were recorded in Matthew Brown, 278p, Higsons, 130p, and Wolverhampton and Dudley, 294p, the last-mentioned following comment in the trade press. H. P. Bulmer attracted renewed demand and closed 12 better at 167p—a three day advance of 27.

Contracting and Construction issues made the running in the Building sector and were featured by SGB which attracted aggressive buying following good annual results and closed 36 higher at the day's best of 170p. Buyers also came for John Mowlem, 6 up at 220p and AMEC, 5 dearer at 249p. Tilbury Group attracted revived speculative demand and put on 8 to 120p, while Bett Brothers, still reflecting the better-than-expected annual figures, rose 5 for a two-day gain of 12 to 62p. Gleeson firmed 6 to 238p and I.D.C. 9 to 143p in thin markets; the latter's preliminary results are due shortly.

ICI remained an extremely firm market on overseas earnings considerations and, helped by European buying, rose 10 for a two-day gain of 28 to a 1984/5 peak of 786p. Among other Chemicals, bid favourite Arrow firmed 4 to 74p following newsletter comment.

W. H. Smith lively

Proceedings in Stores were dominated by secondary counters. Another active trade developed in Dixons which advanced to 559p after announcing better-than-forecast first-half profits before closing a net 5 to the good at 547p; Currys hardened 3 to 603p, after 612p. In contrast, the interim results from MFI were fully discounted and the close was 3 off at 246p, after 240p. W. H. Smith A improved 14 to 186p amid Press-inspired takeover talk. Buyers continued to show enthusiasm for Body Shop which rose 25 to 515p; the shares have risen 65 since the preliminary figures were announced on Monday. renewed interest developed for W.W., up 11 to 163p in the late business.

Talk of renewed overtures from British Land lifted Stylo 10 to 165p, after 170p, but Garnar Booth encountered sporadic profit-taking and gave up 5 at 193p.

British Telecom's remarkable ascent continued as renewed institutional support lifted the shares to a new peak of 130p before closing a net 4 better on balance at 129p; sentiment was helped yesterday by details of the group's proposed £160m modernisation and expansion programme. Elsewhere in Electricals, Cable and Wireless advanced 10 more to 512p, after 514p, as vogue talk of a pending U.S. deal attracted buyers. Thorn EMI rallied 7 to 440p, but Plessey at 196p, and GEC, at 208p, came on offer and lost 4 and 6 respectively. Eurotherm responded to the 70 per cent annual profits increase with a gain of 45 to 340p, while Electronic Machine advanced 6 to 42p following the strong profits recovery and resumption of dividend payments. Impressive half-year figures lifted Norbain Electronics 10 to 295p and renewed speculative demand left Crystalate 6 higher at 224p, after 227p. Mnemos rose 6 to 52p and CASE jumped 20 to 300p. Greenwich Cable Communications, on the other hand, cheapened 2 to 25p on the increased annual deficit and Amstrad reflected currency worries with a fall of 4 to 68p.

Engineers enjoyed another particularly firm trading session. Interest was confined to secondary issues with the exception of TI which encountered a flurry of buying activity and touched 254p before settling 8 to the good at 246p; the company announced plans for expansion in Canada yesterday. Goring Kerr, up 15 more at 495p, and Tace, 22 higher at 407p, both made further headway following comment on their preliminary figures. A. Cohen advanced 70 to 510p in an extremely thin market; the death of Mr R. N. Cohen, a director and former chairman, was announced yesterday. Buyers showed fresh interest in Glynwed, which gained 10 more to 185p, and James Neill firmed 9 to 160p. Rises of around 8 were achieved by Garton Engineering, 68p, and Braham Millar, 70p. Against the trend, Davy Corporation, a rising market of late, ran back 8 to 86p on profit-taking after the interim figures. W. G. Allen also weakened to 22p, down 4, following the breakdown in bid discussions.

S. & W. Berisford attracted buyers in the wake of the annual results and touched 190p. However, the price turned back sharply after analysts expressed caution about prospects for the sugar and animal feeds division and the close was unchanged on balance at 181p. The Food sector's recent bid favourites turned easier in the absence of any developments; Rowntree Mackintosh, in which 5m shares were placed with institutions on Wednesday, lost 8 to 362p, while Tate and Lyle slipped 4 to 488p.

Among Hotels, Trusthouse Forte firmed 5 to 161p on second thoughts about the annual results.

BOC active

Interest in the Miscellaneous Industrial leaders again centred on companies with overseas earnings potential. BOC were prominent and touched 309p in extremely brisk trading before settling well below the best at 296p, up 9 on the day. Reckitt and Colman came to life at 545p, up 13, while BTR edged up 5 more to 617p and Glaxo improved ½ further to £11¼. Elsewhere, Hoskins and Horton, currently the subject of a hard fought bid battle between London and Midland Industrials and Scottish Heritable Trust, advanced 18 to 320p. LMI improved 6½ to 183½p, while S.H.T. closed unaltered at 62p. Rank Organisation, assisted by a broker's recommendation, put on 10 to 320p, while fresh support lifted Fisons 7 more to 292p. English China Clays, up 7 at 263p, and Wedgwood, a like amount dearer at 214p, both reflected their overseas earnings potential. Metal Closures, an old takeover chestnut, rose 8 to 146p, while Oakwood, reflecting the annual profits recovery, advanced 12 to 80p. Associated British Ports edged up 3 more to 219p, and rises of around 7 were recorded in Cope Allman, 151p, Brammer, 288p, and Lep Group, 230p. In contrast, liquidation of speculative positions left Bestwood 20 cheaper at 220p and LCP 4 lower at 112p.

Comment on the recent acquisition of Molinaire, the film and television production concern, gave a fresh boost to USM-quoted Television Services which gained 17 more to 217p. Among other Leisure issues, a squeeze on bear positions lifted Tridant TV A 9 to 209p.

Burmah up again

Motor and Aircraft Component manufacturers provided an outside late feature in Dowty which revealed a 68 per cent expansion in mid-term profits and spurted 24 to 216p. The announcement gave a further boost to an already firm sector; AE advanced 5 more to 129p. Dealings in Dunlop resumed following the financial reorganisation and proposed £43m rights issue; opening at 23p, compared with the suspension price of 25p, the shares attracted a lively turnover and closed at 31p. The 5¼ per cent Preference opened at 35p and quickly improved to settle at 52p. Elsewhere, Jaguar continued to scale new peaks, rising 9 to 288p reflecting American interest and another active Traded Options business.

Leading Properties, firm on Wednesday following a Press report suggesting that City rents are set to rise because of a shortage of space, turned easier in the absence of fresh support. Land Securities slipped 5 to 295p, while MEPC settled a penny cheaper at 315p, after 313p. Elsewhere, County Properties, 9 up at 108p, continued to respond to the results and proposal to buy back its own shares. McLeod Russel moved up 12 to 402p in sympathy. Mountleigh shed 5 to 290p on news of a £7m rights issue in convertible stock. Alfred Walker rose 6 to 78p in a restricted market. Dealings in Daon Development Corporation were suspended at 160p pending an announcement.

Bid gossip continued to propel Britannia Arrow and the price touched 110p before closing a further 4 better at 109p. Among other Financial Trusts, Exco gained 25 to 615p and R. P. Martin, at 355p, retrieved 15 of Wednesday's decline of 45 which followed news of the abortive bid discussions. Yule Catto were active and 8 up at 230p.

Initial losses in leading oils stemmed from news of a build-up in weekly stocks of oil and gas products in the U.S. However, a gradual recovery in crude oil spot markets and gasoil prices led to renewed and often sizeable support for many issues.

Burmah Oil continued to attract sizeable speculative interest on rumours of an imminent takeover bid and rose to 237p before closing 4 firmer at 232p. Elsewhere, Premier rallied 3 to 47p, after 48p, on bid speculation followed Wednesday's £16.3m rights issue. Carless Capel, which holds a near 15 per cent stake in Premier added 5 at 158p.

Plantations encountered selective demand, Rowe Evans, 85p, and Bertam, 130p, rising 7 and 5 respectively. The re-rating of Teas continued under the lead of Williamson, 35 higher at 605p. Camellia closed 2 points better at £25½ after Press mention.

RTZ advance

Mining markets remained very much in the background but provided a continuing firm feature in Rio Tinto-Zinc which advanced 12 more to 615p—a two-day gain of 27—reflecting the latest rise in copper prices and the company's potential gains from its dollar earnings. Other London-domiciled Financials made renewed progress, especially Consolidated Gold Fields which moved up a further 7 to 487p. Charter Consolidated hardened 3 to 205p, as did Hampton Areas, at 165p.

Australians responded to the recent strength of copper prices on the LME. The leaders attracted sustained buying interest led by Western Mining, 9 up at 204p, MIM Holdings, 7 better at 180p. CRA, 14 firmer at 372p and Gold Mines of Kalgoorlie which rose 10 to 375p.

Among the speculative issues Samantha Exploration hardened 3 more to a year's best of 55p on hopes of a counter bid to Barrack Mines current offer.

Busines in Traded Options expanded significantly with 19,423 contracts done—15,360 calls and 4,063 puts. British Telecom again attracted the lion's share with 7,477 calls and 1,386 puts. Imperial, awaiting news on its Howard Johnson operation, recorded 1,242 calls, 570 in the February 180's, 6 up at 27p; the interim figures are scheduled for February 14. Jaguar and Commercial Union attracted 1,107 and 1,062 calls respectively.

FINANCIAL TIMES STOCK INDICES

	Jan. 17	Jan. 16	Jan. 15	Jan. 14	Jan. 11	Jan. 10	year ago
Government Secs...	79.73	80.17	79.97	79.81	80.93	81.55	83.21
Fixed Interest...	83.69	84.05	86.80	84.12	86.17	88.36	87.29
Ordinary...	987.2	981.3	961.8	943.3	968.6	982.4	823.2
Gold Mines...	462.4	460.4	460.1	465.8	474.2	483.7	667.0
Ord. Div. Yield...	4.38	4.41	4.50	4.55	4.47	4.43	4.64
Earnings, Yld.% (full)	11.04	11.11	11.56	11.60	11.38	11.25	2.12
P/E Ratio (net) (*)...	10.88	10.81	10.58	10.42	†10.59	10.68	13.41
Total bargains (Est.)	25,560	26,152	29,675	32,773	34,676	60,050	28,574
Equity turnover £m.	—	674.31	432.52	613.41	632.95	605.37	562.12
Equity bargains...	—	23,840	23,964	20,623	52,222	55,458	22,052
Shares traded (ml)...	—	868.3	818.2	256.0	300.0	331.3	223.6

10 am 987.4. 11 am 989.7. Noon 987.2. 1 pm 988.3.
2 pm 986.5. 3 pm 988.8.

Basis 100 Govt Secs. 15/1/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest index 01-246 8026.

* Nil=10.53.

† Corrected.

HIGHS AND LOWS — S.E. ACTIVITY

—	1984/85 High	1984/85 Low	Since Compilat'n High	Since Compilat'n Low		Jan. 16	Jan. 15
Govt. Sec...	83.77 (9/1/84)	75.72 (30/7/84)	127.4 (9/1/35)	49.18 (3/1/75)	Daily Gilt Edged Bargains...	151.0	187.4
Fixed Int...	87.48 (14/6/84)	80.45 (30/7/84)	150.4 (28/11/47)	50.53 (3/1/75)	Equities Bargains...	154.3	155.3
					Value...	1160.8	882.6
Ordinary...	987.2 (17/1/85)	733.3 (23/7/84)	987.0 (17/1/85)	49.4 (26/6/40)	5-day Average Gilt Edged Bargains...	175.1	169.8
Gold Mines	711.7 (8/5/84)	445.3 (7/1/85)	734.7 (15/2/83)	43.5 (26/10/71)	Equities Bargains...	188.3	108.1
					Value...	1087.8	1116.4

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	4	81	20
Corpns., Dom. and Foreign Bonds ...	7	13	31
Industrials	486	145	813
Financial & Props.	232	35	277
Oils	20	25	79
Plantations	9	2	6
Mines	47	25	106
Others	91	41	74
Totals	896	369	1,426

NEW HIGHS AND LOWS FOR 1984/85

NEW HIGHS (302)

AMERICANS (25)
CANADIANS (5)
BANKS (8)
BREWERS (4)
BUILDINGS (2)
CHEMICALS (9)
STORES (5)
ELECTRICALS (11)
ENGINEERING (25)
FOODS (6)
HOTELS (1)
INDUSTRIALS (43)
INSURANCE (14)
LEISURE (3)
MOTORS (7)
NEWSPAPERS (1)
PAPER (5)
PROPERTY (9)
SHIPPING (1)
TEXTILES (1)
TOBACCOS (2)
TRUSTS (100)
OVERSEAS TRADERS (3)
PLANTATIONS (7)
MINES (2)

NEW LOWS (12)

BRITISH FUNDS (2)
Exchqr. 10½pc '05 Exch. 5¼pc '98 A (£46 paid)
ENGINEERING (1)
Allen (W. G.)
SHIPPING (1)
Lyle Shipping
TEXTILES (1)
Munton Bros.
OILS (2)
Oilfield Insp. Serv. Oliver Prosp. Mng.
PLANTATIONS (1)
Applied Botanics
MINES (4)
Durban Deep Western Areas
Marievale Pahang Cons.

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price	+ or −	Net dividend	Times covered	Gross yield	P.E. Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment letters or fully-paid. ‖‖ Introduction. ✠ Unlisted Securities Market. § Placing price. T Figures assumed. †† Official London Listing. ‡‡ Dealt in under Rule 535(3). † Comprising 100 Prf. and one Ptg. share.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan 7	Jan 18	Apr 11	Apr 22
Jan 21	Feb 1	Apr 25	May 7
Feb 4	Feb 15	May 9	May 20

For rate indications see end of Share Information Service

Demand for Options remained brisk. Calls were done in British Telecom, Gestetner A, Atlantic Resources, Premier Oil, United Biscuits, Warrants, Dunlop, Plantation and General, North Kalgurli, Western Union, Riley Leisure, Combined Technologies, Carpets International, Bristol Oil and Minerals, Rowntree Mackintosh, C. H. Bailey, Commercial Union, Petranol, Midland Bank, Britannia Arrow, Charterhouse Petroleum, Polly Peck, BL, Falcon Resources, Bejam and Tilbury. A put was taken out in Dunlop, while doubles were transacted in Combined Technologies, Davy Corporation and Dunlop

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
BOC	296	+ 9
Berisford (S. & W.)	181	—
BPCC	195	+ 8
British Telecom	129	+ 4
Burmah Oil	232	+ 4
Dunlop	31	—
ICI	786	+10
Lasmo	351	− 4
Ocean Transport	133	+ 4½
RTZ	615	+12
TI	246	+ 8
Wedgwood	214	+ 7

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
Brit. Aerospace	25	357	−10
Glaxo	25	£11⅛	+ 0½
P & O Defd.	24	398	+20
Rwntree. Mack.	19	370	+ 5
Sterling G'tee	10	75	+ 4
ICI	17	776	+18
British Telecom	16	125	+ 5½
Dixons Group	16	542	+20
BOC	14	287	+14
BTR	14	612	+17
LASMO	14	355	+10
Martin (R. P.)	14	340	−43
Shell Trans.	14	683	+13
Thorn EMI	14	433	+ 3

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur Jan 17 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	Wed Jan 16 Index No.	Tues Jan 15 Index No.	Mon Jan 14 Index No.	Fri Jan 11 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (207)	559.89	+0.2	9.50	3.84	13.17	558.56	550.67	548.62	562.11	490.27
2	Building Materials (23)	497.08	+0.9	12.91	5.00	9.59	492.67	490.98	488.07	502.66	471.68
3	Contracting, Construction (30)	744.77	+1.9	12.99	5.29	9.86	730.61	724.16	728.31	747.12	737.93
4	Electricals (15)	1696.06	+1.1	9.55	4.40	13.22	1678.71	1638.99	1630.62	1664.75	1751.39
5	Electronics (36)	1897.60	−1.4	7.74	2.56	16.68	1925.31	1899.66	1894.80	1941.38	1753.12
6	Mechanical Engineering (60)	288.13	+1.2	11.67	5.05	10.21	284.67	281.52	281.15	284.93	231.84
8	Metals and Metal Forming (8)	178.38	+3.0	12.68	7.27	9.74	173.24	166.28	165.08	168.67	195.15
9	Motors (18)	155.35	+2.1	11.27	4.87	—	152.13	148.49	146.93	158.23	133.10
10	Other Industrial Materials (17)	862.33	+1.0	5.86	3.11	21.31	854.14	835.10	829.19	855.60	630.56
21	CONSUMER GROUP (179)	631.22	+0.8	9.18	3.76	13.16	626.44	616.01	609.86	626.98	489.73
22	Brewers and Distillers (25)	577.72	+0.6	11.74	4.63	10.48	574.46	562.68	552.67	570.18	465.66
25	Food Manufacturing (20)	496.05	+0.2	11.83	4.67	10.57	495.24	489.06	487.36	495.43	396.77
26	Food Retailing (12)	1458.23	+1.6	6.56	2.42	20.30	1434.88	1418.54	1403.90	1448.72	1118.26
27	Health and Household Products (9)	1035.28	+1.0	5.50	2.56	21.33	1025.25	991.79	989.77	1008.58	772.93
29	Leisure (23)	706.74	+1.4	7.89	4.68	16.37	696.81	693.94	684.53	708.12	636.21
32	Newspapers, Publishing (11)	1597.28	+2.1	7.22	4.61	17.92	1563.95	1548.11	1512.76	1528.28	1171.86
33	Packaging and Paper (14)	300.03	+0.6	12.32	4.83	9.44	298.31	296.07	295.35	299.24	237.37
34	Stores (45)	549.63	+0.7	7.32	3.38	16.53	545.76	538.35	531.48	555.10	440.34
35	Textiles (19)	321.71	−0.4	12.39	4.35	9.38	323.09	315.84	311.91	316.11	269.93
36	Tobaccos (3)	936.88	+0.5	13.38	4.18	8.33	932.44	916.68	910.28	936.64	575.70
41	OTHER GROUPS (97)	664.30	+1.5	8.90	3.93	14.26	654.72	639.74	635.51	639.96	443.29
42	Chemicals (17)	770.48	+1.2	11.66	4.24	10.95	761.23	741.89	739.76	744.72	641.18
44	Office Equipment (4)	167.53	+2.3	6.75	4.59	16.82	163.83	160.42	160.57	162.90	122.12
45	Shipping and Transport (13)	1092.07	+0.8	7.92	4.46	16.14	1083.41	1052.49	1052.66	1007.89	847.66
46	Miscellaneous (61)	838.05	+1.0	7.77	3.32	15.64	830.11	819.27	810.62	821.96	575.48
48	Telephone Networks (2)	793.40	+2.0	8.44	4.06	15.47	778.16	756.92	751.38	757.80	0.0
49	INDUSTRIAL GROUP (483)	630.51	+0.8	9.19	3.83	13.43	625.49	614.49	609.93	623.17	490.77
51	Oils (17)	1080.70	−0.2	16.14	6.95	7.66	1082.90	1069.76	1048.79	1064.33	989.18
59	500 SHARE INDEX (500)	668.45	+0.7	10.09	4.23	12.24	664.00	652.79	646.90	660.36	532.44
61	FINANCIAL GROUP (118)	440.81	+0.2	—	5.80	—	439.82	433.94	432.53	441.84	390.87
62	Banks (6)	433.71	+0.5	19.65	6.51	6.45	431.65	426.75	426.54	439.74	421.65
65	Insurance (Life) (9)	596.65	+1.0	—	4.54	—	590.60	587.37	585.91	599.13	538.95
66	Insurance (Composite) (7)	316.52	−0.8	—	5.90	—	319.13	316.17	315.71	319.06	261.07
67	Insurance (Brokers) (6)	1083.30	+0.5	7.11	3.28	19.51	1077.79	1057.72	1047.58	1064.70	673.83
68	Merchant Banks (12)	248.03	−0.3	—	4.32	—	248.76	242.08	239.24	246.93	258.77
69	Property (53)	630.45	−0.4	5.39	3.55	24.71	632.68	620.25	618.35	630.25	549.28
70	Other Financial (25)	283.77	+1.7	9.41	5.47	12.93	278.97	275.90	274.40	279.07	277.88
71	Investment Trusts (105)	591.06	+0.9	—	3.28	—	586.54	578.31	575.03	580.94	512.20
81	Mining Finance (4)	281.97	+1.8	10.47	5.37	12.11	277.00	272.06	273.17	276.69	305.14
91	Overseas Traders (14)	655.11	+1.2	8.95	5.93	13.67	647.42	641.20	639.07	644.36	545.74
99	ALL-SHARE INDEX (741)	608.39	+0.6	—	4.33	—	604.53	594.77	590.17	602.05	498.45
		Index No.	Day's Change	Day's High	Day's Low						
	FT-SE 100 SHARE INDEX	1260.4	+6.3	1262.7	1256.7	—	1254.1	1233.2	1220.5	1248.6	

FIXED INTEREST

	PRICE INDICES	Thur Jan 17	Day's change %	Wed Jan 16	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	116.22	−0.09	116.32	—	0.78
2	5-15 years	125.96	−0.55	126.65	—	0.55
3	Over 15 years	132.32	−0.70	133.25	—	0.00
4	Irredeemables	143.63	−1.00	145.07	—	0.00
5	All stocks	125.26	−0.41	125.80	—	0.57
6	Debentures & Loans	106.47	−0.34	106.84	—	0.15
7	Preference	76.55	+0.07	76.50	—	0.30
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	106.93	−0.16	107.28	0.18	0.18

	AVERAGE GROSS REDEMPTION YIELDS		Thur Jan 17	Wed Jan 16	Year ago (approx.)
	British Government				
1	Low	5 years	11.08	11.02	9.61
2	Coupons	15 years	10.91	10.83	10.05
3		25 years	10.38	10.30	9.66
4	Medium	5 years	11.73	11.64	10.97
5	Coupons	15 years	11.32	11.21	10.60
6		25 years	10.74	10.64	10.00
7	High	5 years	11.87	11.79	11.11
8	Coupons	15 years	11.47	11.37	10.77
9		25 years	10.79	10.68	10.00
10	Irredeemables†		10.27	10.17	9.66
11	Debs &	5 years	12.05	12.10	11.50
12	Loans	15 years	12.03	11.97	11.58
13		25 years	12.63	11.97	11.49
14	Preference†		12.92	12.93	12.27
15	Inflation rate	5%	3.54	3.52	3.19
16		10%	3.37	3.35	3.02

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series	Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: 37,642.

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls Jly.	Puts Jan.	Puts Apr.	Puts Jly.
B.P. (*483)	300	65	100	—	1	2	—
	420	63	76	—	1	4	—
	460	23	38	47	6	18	80
	500	4	88	28	23	30	48
	550	1	8	—	70	82	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Feb.	Calls May	Calls Aug.	Puts Feb.	Puts May	Puts Aug.
Imperial Cp. (*206)	160	47	48	31	1½	3	4
	180	27	60	34	2	3	2
	200	11	19	24	5	11	13
LASMO (*351)	280	75	—	—	1	—	—
	300	66	53	73	4	8	18
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Jan. 17. Total contracts 19,423 Calls 15,360. Puts 4,063.
* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984-85 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
105¾	100¼	Treas. 15pc 1985	100⅛	−⅛	14.97	12.77
102¼	99½	Exch. 12pc Cnv. '85	99½	....	12.01	12.23
97⅛	93½	Treas 3pc 1985	97¼	....	3.08	11.46
102¾	99½	Treas 11½pc 1985	100⅛	−⅛	11.49	11.45
99¼	96⅛	Treas 8¾pcCnv '85	90½	....	8.90	11.54
104⅛	99⅞	Exch. 12¼pc 1985	100⅛	−⅛	12.20	11.60
103½	99⅛	Exch. 11¾pc '86	100⅛	....	11.74	11.58
102⅛	96⅛	Treas. 10pcCnv 1986	98¼	−¼	10.19	11.63
93¼	88¼	Treas 3pc 1986	93	....	3.23	8.65
102	96¼	Exch. 10½pc Cv '86	98⅞	−⅛	10.62	11.42
104⅛	99⅛	Treas 12pc 1986	100½	−¼	11.92	11.41
98¼	93¼	Treas 8¼pc 1984-86‡‡	96¼	+¼	8.79	10.97
108½	102⅛	Exch. 14pc 1986	103⅞	−⅛	13.48	11.47
89½	85	Exch 2½pc 1986	88⅞	....	2.81	9.19
107½	100½	Exch. 11¾pc 1987	103⅛xd	−⅛	12.84	11.43
100⅞	94½	Treas 10¼pcCv '87	98⅛xd	−⅛	10.44	11.28
87¼	83¼	Exch 2½pc 1987	86¼	+⅛	2.90	9.88
101⅛	94½	Exch. 10½pc 1987	98	−⅛	10.71	11.52
92¾	87	Funding 6½pc '85-87‡‡	90¼	+⅛	7.16	11.22
99⅝	92⅞	Treas. 10pc 1987	96⅞	−⅛	10.32	11.52
86⅝	81⅛	Treas 3pc 1987	84¼	....	3.54	10.10
105	97⅛	Treas. 12pc 1987	101⅛	−⅛	11.87	11.51
94⅞	87⅛	Treas 7¾pc 1985-88‡‡	91¼xd	+¼	8.45	11.04
100¼	92½	Exch 10½pc '88	97⅛	−⅛	10.82	11.58
98⅛	89½	Treas 9¾pc Cv '88	95⅛	−⅛	10.26	11.54
82⅛	77	Transport 3pc '78-88	81¼	....	3.69	9.50
96½	88⅛	Treas. 9½pc '88	93⅛	−⅛	10.17	11.68
106¼	94½	Treas 11½pc 1989	99⅛xd	−¼	11.57	11.70
96½	87½	Treas 9½pc Cnv. '89	93⅛	−⅛	10.21	11.60
99⅝	90½	Treas 10½pc 1989	96¼	−¼	10.91	11.60
100⅛	88⅞	Exch 10pc 1989	94⅛xd	−¼	10.60	11.66
101⅛	94¼	Exch 11pc 1989	97⅛	−¼	11.29	11.69
85⅝	77½	Treas 5pc 1986-89	80⅝	+⅛	6.20	10.25
114¼	100⅝	Treas 13pc 1990‡‡	105¼	−⅛	12.34	11.55

Five to Fifteen Years

1984-85 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
110⅞	100¼	Exch. 12½pc 1990	107	....	12.14	11.71
94¼	84⅞	Treas 8¼pc 1987-90‡‡	89¼	−⅛	9.32	11.14
98½	90⅝	Treas. 10pcCv 1990	94⅞	−⅛	10.81	11.80
108¼	94¾	Treas 11¾pc 1991	100	−⅛	11.78	11.81
84¼	75⅝	Funding 5¾pc '87-91‡‡	81¼	−⅛	7.22	10.27
105¼	93⅞	Exch. 11pc 1991	99¼	−⅛	11.36	11.68
113¾	98⅞	Treas 12¾pc 1992‡‡	104¼xd	−⅛	12.23	11.84
100⅝	86	Treas 10pc 1992	91¼xd	−⅛	10.86	11.69
101	94⅛	Treas 10½pc Cv 1992‡‡	97⅞	−⅛	11.15	11.60
111¼	95¼	Exch. 12¼pc '92	106½	−⅛	12.06	11.91
117½	106¼	Exch 13½pc 1992	111¼	−⅛	12.57	11.98
113⅜	98¼	Treas 12½pc 1993‡‡	103⅝xd	−⅛	12.08	11.84
79⅜	71¼	Funding 6pc 1993‡‡	77⅛	−⅛	7.98	10.41
121¼	106¼	Treas 13¾pc 1993‡‡	111⅞	−⅛	12.53	11.92
126¼	108¼	Treas 14½pc 1994‡‡	120⅝	−½	12.60	11.75
120⅝	106	Exch 13½pc 1994	111⅝	−½	12.44	11.93
114¼	96¼	Exch. 12½pc 1994	102½xd	−½	12.05	11.87
94½	82⅞	Treas 9pc 1994‡‡	87⅞	−⅛	10.42	11.33
110⅝	94⅞	Treas 12pc 1995	100½xd	−⅛	11.91	11.87
64⅞	58¼	Gas 3pc '90-95	63¼	−⅛	4.80	8.56

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COM'WEALTH & AFRICAN LNS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

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CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

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MOTORS, AIRCRAFT TRADES

Motors and Cycles

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Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

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TOBACCOS

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TRUSTS, FINANCE, LAND

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INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

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PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

MINES—Continued

Diamond and Platinum

1984-85 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
£73	£37	Anglo-Am Inv.50c	£37	...	Q590c	1.0	6.6
616	340	De Beers Df. 5c	342	−2	Q40c	3.6	4.9
925	650	Do. 40pc Pf. R5	650xd		Q200c	ft	12.8
£11¼	856	Impala Plat. 20c	915		Q135c	1.7	6.1
715	410	Lydenburg 12½c	435	......	Q50c	♦	4.8
880	620	Rus. Plat. 10c	655	.....	Q60c	1.8	3.8

Central African

1984-85 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
280	145	Falcon Z50c	160	...	Q100c	2.7	36.4
17	8	Wankie Col. Z$1	13	.	—	—	—
21	15	Zam.Cpr.SBD0.24	13	...	—	—	—

Australians

1984-85 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
41	17	♥ACM 50c	34	+1	—	—	—
38	17	♥Allstate Expl'n. NL	22		—	—	—
10½	3¾	♥Asia Oil & Minerals	3¾	..	—	—	—
20	12	♥Aust. Nationalism NL	17	+1	♦—	—	—
28	10½	♥Australis Mng N.L.	11½	+½	—	—	—
45	15	♥Balmoral Res	38	....	—	—	—
36	17	♥Black Hill Mins	18½	+½	—	—	—
86	51½	♥Bond Corp	86	.....	tQ6.67c	♦	5.7
177	90	♥Bougainville 1 Kina	127	+6	tQ16.4c	1.2	‡
406	276	♥CRA $2	372	+14	tQ12c	1.1	2.3
86	44	♥Carr Boyd 20c	58	+1	—	—	—
40	18	♥Central Kalgoorlie	20	.....	—	—	—
43	20	♥Central Pacific	28	. .	—	—	—
4¼	2½	♥Cons Gld Mg Areas NL	3	. .	♦—	—	—
8½	4¼	♥Coopers Res. NL	5	....	—	—	—
26	7¼	♥Cultus Pac NL	8		—	—	—
14½	5½	♥Eagle Corp 10c	5¼	...	—	—	—
280	138	♥Emperor Mines	160		—	—	—
14	8	♥Emu Hill Gold N.L.	8	−1	—	—	—
16¼	7¼	♥Endeavour 20c	9½	..	—	—	—
32	22	♥Enterprise Gld	23½	...	—	—	—
35	18	♥Forsyth Oil Gas	23	. .	—	—	—
62	47	♥Gem Exp & Minerals	47	...	—	—	—
765	355	♥GM Kalgoorlie 25c	375	+10	Q30c	1.1	5.6
24½	13	♥Great Eastern Mns.	17	.	—	—	—
55	19	♥Great Victoria Gold	30	..	—	—	—
10	5½	♥HMC Aust NL 20c	5½	..	—	—	—
22	8½	♥Hanna NW	18	..	—	—	—
40	20	♥Hill Minerals H L	25	. .	—	—	—
35	19	♥Indian Ocean (1982)	22		—	—	—
10½	4½	♥Ivanhoe Gld NL	4½		—	—	—
45	31	♥Jingellic Mnls	40		—	—	—
21	8	♥Kalbara Min 20c	13	...	—	—	—
12½	7½	♥Kia Ora Gold H.L.	H	..	—	—	—
145	58	♥Kitchener NL 25c	107	...	—	—	—
120	22	♥Meekatharra 25c	98		—	—	—
50	21	♥Metals Ex 50c	30	..	—	—	—
210	126	♥Metana Minerals N.L.	134	+4	—	—	—
46	28	♥Metramar Mins 20c	30	+2	—	—	—
252	156	♥MIM Hldgs 50c	180	+7	Q5c	0.7	1.9
5	3	♥Minefields Expl 25c	3	...	—	—	—
52	30	♥Newmetal 20c	52	...	Q6c	2.4	8.0

[illegible]

1984-85 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
82	36	♥Selfrust 50c	40	...	—	—	—
72	25	♥Sons Gwalia NL	60	..	—	—	—
22	12	♥Sthn. Goldfields	19	..	—	—	—
16	8¼	♥Southern Pacific	30	. .	—	—	—
133	57	♥Southern Res	77	....	—	—	—
8½	5½	♥Southern Ventures 25c	5½	..	—	—	—
42	12	♥Spargos Expl'n	21		—	—	—
23	9	♥Swan Res 20c	9		—	—	—
43	25	♥Utd Goldfields NL	25	...	—	—	—
16½	8½	♥West Coast 25c	9	.	—	—	—
13	8	♥Western Cns 50c	10	.	—	—	—
286	180	Westn. Mining 50c	204	+9	Q4c	—	1.4
272	128	♥Whim Creek 20c	340	. .	Q5c	♦	2.5
23	10	♥Windsor Res NL	37	.	—	—	—
36	9	♥York Resources	10½	...	—	—	—

Tins

1984-85 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
310	210	Ayer Hitam SM1	270	. .	vQ140c	1.0	18.0
227	138	Geevor	227	+2	12.0	2.2	7.6
275	155	Gopeng Berhad M$0.50	165xd	....	$0.20	♦	3.9
£10	575	Hongkong	650#		—	—	—
23	11	Jantar 12½p	33	......	0.5	—	6.5
76	50	Malaysia Mng. 10c	52	. ..	v06c	2.6	4.0
56	32	♥Pahang	32	−3	B—	—	—
950	500	Pengkalen 10p	650	...	—	—	—
350	270	Petaling SM1	275	....	v060c	♦	7.4
385	250	Sungei Besi SM1	270	..	$v075c	0.9	‡
68	50	♥Supreme Corp M$1	55	...	vh03½c	♦	2.1
475	240	Tanjong 15p	285	.	g3.5	—	1.8
250	145	♥Tongkah H. Tin $M1	210#	....	v023c	1.2	0.8
410	245	Tronoh SM1	275	. .	$v065c	1.4	‡

Miscellaneous

1984-85 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
75	37	♥Anglo-Dominion	37	...	—	—	—
75	31	♥Anglo Utd. Dev.	36	..	—	—	—
410	250	♥Centennial Min'ls.	335	+10	—	—	—
175	70	♥Colby Res Corp.	70	...	—	—	—
955	500	Cons. Murch. 10c.	500xd	...	tQ100c	1.4	8.3
36	25	‡Emess Int. 0.10p	35	+1	—	—	—
252	150	Hampton Areas 10p	165	+3	3.75	2.1	3.1
225	140	♥Highwood Res.	160	−5	—	—	—
£24½	£16	Homestake Mining $1	£19¼	−¾	Q20c	—	0.9
295	135	♥McFinley Red Lake	215	−15	—	—	—
240	101	♥Musto Explorations	207	...	—	—	—
55	23	♥New Sabina Res C$1	30	−2	—	—	—
365	220	Northgate C$1	270	...	—	—	—
718	500	RTZ	615	+12	†18.0	2.7	4.2
£156½	£113½	Do. 9½pcLn '95-2000	£135½	+3½	Q9½%	35.4	17.0
£11¼	850	♥Tara Expln $1	£10¾	+¼	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution, this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- • Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ✣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- 0 No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	88	...	Arnott	145	...
Craig & Rose £1	£13½	.....	CPI Hldgs	54	.....
Finlay Pkg. 5p	44	....	Carroll Inds.	97	−1
Higsons Brew	103	+8	Dublin Gas	65	....
Holt (Jos) 25p	850	.....	Hall (R. & H.)	46	.....
IoM Stm. £1	127	.....	Helton Hldgs.	15	−1
IRISH			Irish Ropes	52	.....
Exch. 12% 1985	£99	.....	Jacob (W. & R.)	62	.....
Nat. 9¾% 84/89	£94	.....	TMG	72	.....
Fin. 13% 97/02	£99¾	.....	Unidare	78	.....

OPTIONS — 3-month call rates

Industrials	p		p		p
Allied-Lyons	15	Hanson Tst.	22	Vickers	18
BAT	30	Hawker Sidd	38		
BOC Grp.	24	Hse of Fraser	28	**Property**	
BSR	15	ICI	50	Brit Land	14
Babcock	13	'Imps'	14	Cap Counties	18
Barclays Bank	42	Jaguar	18	Land Secs	24
Beecham	30	Ladbroke	28	MEPC	30
Blue Circle	46	Legal & Gen.	42	Peachey	26
Boots	10	Lex Service	32	Samuel Props	14
Bowaters	36	Lloyds Bank	42	Sterling Guar.	5½
Brit Aerospace	54	Lucas Inds.	24		
Brit. Telecom	7½	Marks & Spcr	10	**Oils**	
Brown (J.)	3	Midland Bk	33	Brit. Oil & Min	4½
Burton Ord	32	NEI	9	Brit Petroleum	38
Cadburys	14	Nat West Bk	54	Burmah Oil	19
Comm Union	13	P & O Dfd	24	Charterhall	4
Courtaulds	11	Plessey	20	Premier	4
Debenhams	19	Polly Peck	85	Shell	55
Distillers	24	Racal Elect	24	Tricentrol	22
Dunlop	5	RHM	10	Ultramar	22
FNFC	7	Rank Org Ord	20		
Gen Accident	42	Reed Intnl	80	**Mines**	
Gen Electric	20	Sears	7	Charter Cons	22
Glaxo	90	TI	10	Cons Gold	42
Grand Met	26	Tesco	8	Lonrho	14
GUS 'A'	55	Thorn EMI	42	Rio T Zinc	60
Guardian	58	Trust Houses	12		
GKN	16	Turner Newall	9		
		Unilever	80		

A selection of Options traded is given on the London Stock Exchange Report page.

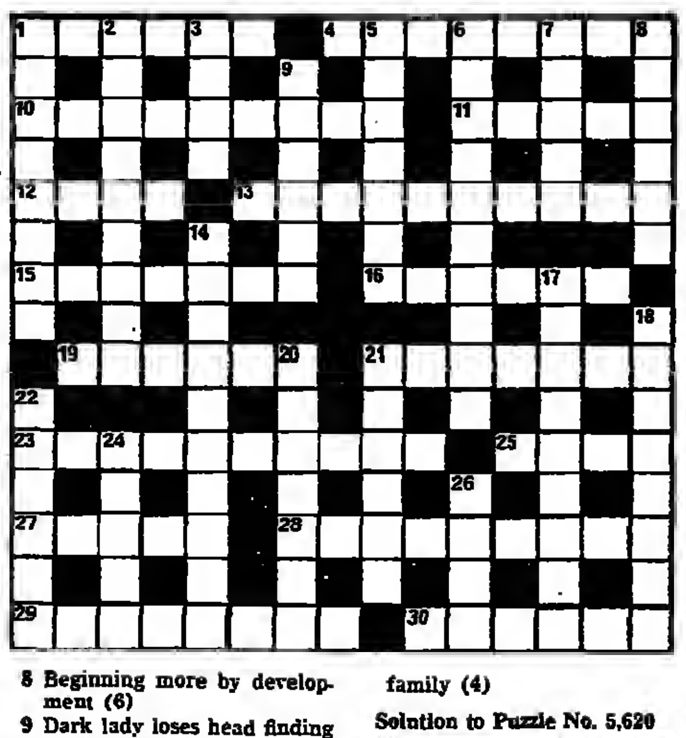
"Recent Issues" and "Rights" Page 31

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,621



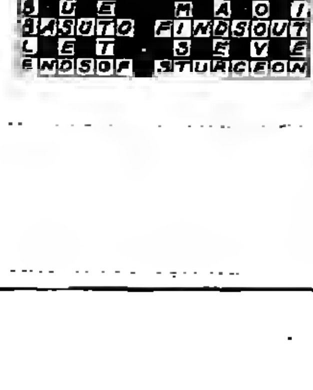
ACROSS

1 Rejected row, left hurt (6)
4 Change properties of one in false smile? (8)
10 Writer's just claim—Conservative leader is in small circle (9)
11 *Search for treasure* at Beachy Head (5)
12 Starting-point of itinerary, we hear (4)
13 Diary Three edited and passed down (10)
15 Savagely 'e taunts—that will hinder speaker (7)
16 Of an ethnic group bowled in Test (6)
19 Brachial band a jolly impediment (6)
21 Bonny baby delivered at Lord's? (7)
23 Travelling case? (3-7)
25 Ship's doctor no adherent of pop-musicians? (4)
27 Unused actor in crowd-scene (5)
28 Account put on table—hoarding here! (9)
29 Hire-tent collapsed—how unlucky! (8)
30 City of steel prevailed inside also (6)

DOWN

1 A treacle compound for wound (8)
2 "Drink stout" campaigner? (9)
3 Gumbo is fine by Constable, for example (4)
5 Petition from health-centre attendants (7)
6 Like offensive ducks? (10)
7 Down-in-the-mouth sort of swinger? (5)
8 Beginning more by development (6)
9 Dark lady loses head finding way out (6)
14 Pass unfinished—a tunnel under repair? How nasty! (10)
17 Alaska's source of strength? (9)
18 Military post — pride's damaged at No. 10 (8)
20 One protecting sewers has loose belt around him (7)
21 Army decoration? (6)
22 Simple rule by the way (6)
24 Band together? (5)
26 Spanish flower of the broom family (4)

Solution to Puzzle No. 5,620



هكذا اصل الأصل

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

US $ Option .... 150.97 | 1.03 | +0.02 | —

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$11.47	—	+0.04	—

Inv. Adv.: M & G. Inv. Mngt. Ltd., London.

Wren Commodity Management Ltd.
10, St George's St, Douglas IoM. 0624 25015

Wren Com. Fund	12.7	11.3	...	3.10
Chinese Fund	58.8	61.3	...	1.70
Precious Metal Fund	71.4	79.3		0.30
Vanguard Cmdy. Fd.	21.5	22.1	...	0.00
Financial Futures Fd.	32.5	33.8	...	—

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Dynamic Gwth Fd	$8.03	—	+0.02	—

Money Market Trust Funds

	Nom	Apr	Int Cr	Notice
The Money Market Trust				
63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	11.28	11.62	6-mth	Call
7-day Fnd	9.47	9.71	6-mth	7-day
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	11.00	11.30	6-mth	Call
7-day Fund	9.21	9.42	6-mth	7-day
Money Mngt. Acct.	10.87	11.33	3-mth	Call
Dollar	6.94	7.06	6-mth	2-day

Money Market Bank Accounts

	Nom	APR	Int Cr	Notice
Aitken Hume				
30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	11.00	11.46	Qtr	Call
Mth. Int. Chq	11.00	11.57	Mth	Call
Bank of Scotland				
38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc.	11.25	11.85	Mth	Call
Barclays Prime Account				
PO Box 125, Northampton 0604 252891				
High Int. Cheque	11.00	11.46	Qtr	Call
Britannia Grp of Investment Companies				
29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	11.25	11.85	Mth	Call
Charterhouse Japhet plc				
1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	11.00	11.572	Mth	Call
U.S. Dollar	8.00	8.300	Mth	Call
German Marks	5.0	5.116	Mth	Call
Swiss francs	2.0	2.018	Mth	Call
Japanese Yen	5.0	5.116	Mth	Call
Co-operative Bank				
78-80 Cornhill EC3 01-626 6543 Ex 464				
Under £1,000	10.00	10.38	Qtr	Call
Over £1,000	12.00	12.55	Qtr	Call
Dartington & Co Ltd				
Dartington, Totnes, Devon TQ9 6JE 0803 862273				
Money Mkt Acc.	11.50	11.97	Qtr	Call
Henderson/Bank of Scotland				
38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	11.25	11.85	Mth	Call
Lombard North Central PLC				
17 Bruton St, W1A 3DH. 01-409 3434				
Notice Dep	11.50	11.83	Rate	14-day
M & G/Kleinwort Benson				
91-99 New London Rd, Chelmsford. 0245 51651				
High Int Cheque Acc.	11.25	11.91	Daily	Call
Midland Bank plc				
PO Box 2, Sheffield. 0742 20999 Ext 8738				
High Int Chq	11.30	11.78	Qtr	Call
Provincial Trust (formerly Choulartons)				
38 Ashley Rd, Altrincham, Cheshire, WA1 2DW 061-928 9011				
Cheque Acc	11.75	12.40	Mth	Call
Save & Prosper/Robert Fleming				
28 Western Rd, Romford RM1 3LB. 0708 66966				
High Int. Bk. Acc.	10.70	11.30	Daily	Call
Premier Acc.	10.70	11.30	Daily	Call
Tyndall & Co				
29-33 Princess Victoria St, Bristol BS8 4BX. 0272 732241				
Demand Acc	11.58	12.10	Qtr	Call
Money Acc.	10.00	10.38	Qtr	Chq/7
J. Henry Schroder Wagg & Co Ltd				
Enterprise House, Portsmouth 0705 827733				
Special Acc.	11.40	12.01	Mth	Call
Over £10,000	11.65	12.29	Mth	Call

NOTES:—Interest rates given both as a nominal rate and an annual percentage rate adjusted for frequency of interest credit.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. T Guernsey gross. # Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◆ Yield column shows annualised rates of NAV increase

COMMODITIES AND AGRICULTURE

West Germany to seek cereal support change

BY ANDREW GOWERS IN WIESBADEN

WEST GERMANY is planniog to press for a radical change in the EEC's cereal support-buying system in the price negotiations due to start next month, Herr Ignaz Kiechle, the West German Agriculture Minister, said yesterday.

In an interview at the German Agricultural Society's annual conference in Wiesbaden, Herr Kiechle called for the establishment of strict quality controls for intervention buying of wheat and for the complete abolition of intervention in low-quality wheat for animal-feed.

A sharp rise in production of high-yielding field wheats is one of the main reasons for this year's record EEC cereal surplus.

The proposed change should be accompanied by a freeze in nominal grain support prices, the minister said.

His stance, which he said had the full support of Herr Helmut Kohl, the West Germsu Chancellor, is bound to annoy Britain further. London is insisting on full applicotion of an automatic 5 per cent price cut for cereals.

British farmers are major producers of feed whea and the country's relatively poor climate means that the quality of the croo tends to be lower than in France, for example. Removal of intervention buying would lead to a sharp falt in prices of these varieties.

Herr Kiechle said that this in turn could encourage farmers to use more wheat in their animal feed in place of currenly cheaper imported cereal substitutes such as maize gluten feed from the U.S.

This would be a more practicable and legal way of limiting imports than an attempt to negotiate limits with the U.S., he said.

Tightening of quality standards could also cut production, because better quality wheats have yields 10 per cent to 15 per cent lower than the feed crop.

Herr Kiechle said Britain's insistence on a price cut was nonsensical. It would neither curb production nor increase consumption, and could only be seen as an irrational punishment for successful cereal farmers.

Relations between London and Bonn on farm policy have deteriorated markedly in recent months, as Herr Kiechle has faced strident protests from farmers over cuts in EEC support.

The minister also outlined a proposal that formers should be paid a premium to grow protein crops, such as peas or beans, in rotation with cereals.

This would serve the dual purpose of taking land temporarily out of grain production and boosting output of proteins, in which the EEC is heavily deficient.

He said West German formers' average incomes were set to rise this financial year, though not by enough to compensate for a fall of nearly 20 per cent in 1983-84.

● The West German Government is to stop collecting the punitive EEC levy on farmers who produce too much milk. The levy, linked to production quotas, was agreed by the 10-nation bloc last year to try to cut overproduction. So for West Germany, which has to cut milk output by almost 7 per cent in the agriculturol year ending March, is the only country to collect the quorterly levy.

Now it will let farmers delay payment for an unspecified period, the Agriculture Ministry said yesterday. The decision was not intended to put pressure on Bonn's partners but to stifle farmers' criticism of Herr Kiechle for implementing the levy when other EEC countries ignored it, the ministry said. Reuter

World wheat crop estimate raised

THE WORLD wheat crop last year totalled a record 515m, according to the International Wheat Couocil's latest estimate. In its market report issued yeserday the council lifted the 1984 estimate by 3m tonnes from its November 28 prediction.

It attributed the rise to better than expected crops in several Northern Hemisphere countries, notably China and the U.S., and to higher Argentine and Australian harvests.

The council also raised its estimate for 1984-95 Soviet grain imports, by 2m tonnes to 51m tonnes, and its 1984 world coarse grain crop estimate, by 1m tonnes to 791m tonnes.

● SRI LANKA's Food Department will import 50,000 tonnes of rice at $175 a tonne from Chino this year to use as buffer stock, Mr Graham Dissanayake, Food Controller, said.

He said that although targeted productioo this year of 1.9m tonnes is expected to meet demand, *guerrilla activity* in the northero and eastern provinces made crop-collection difficult.

"We don't anticipate o shortage but we do not want to take chances," he said.

● BUSH FIRES throughont Australia have killed thousands of livestock but caused little crop damage, government officiola said. They estimated at *least* 30,000 sheep and cattle bad died so far in this week's fires.

● FROZEN ORANGE JUICE futures rose the five-cent a lb permissible limit in the near March and May contracts in early dealings on the New New York market in response to fears that a severe freeze could hit Florida early next week.

● MALAYSIA is likely to produce a record 4.2m tonnes of palm oil this year, against 3.72m tonnes last year, the Paul Leong, the Primary Industries Minister, said.

Soya supply doubts halt slide in vegetable oil market

BY JOHN BUCKLEY

SPECULATION THAT this U.S. soyabean crop will yield sharply lower oil content has been fendiog off a full-scale sell-off in world vegetable oil markets, according to European trade sources.

U.S. soyabeans normally yield 18-18½ per cent oil content. This, applied to the recent official croo estimate, would translate into a potential fresh supply of about 9.5m tonnes of soyabean oil against last season's drought-depleted 8.2m tonoes.

Some analysts, however, fear yields could drop to as low as 16-17 per cent following a late harvest under wet conditions. A clear picture will not be available probably until next month, because some beans crushed in the early months of the October-September marketing year have been old crop.

If yields are that low, the potential supply of oil could be cut by up to 1m tonnes, throwing recent trader supply demand calculations into confusion.

Because the harvest bas run so late in the Delto states some bean-fields had to be abondoned. This factor, yet to be assimilated in U.S. Agriculture Department estimates, could well cut the crop by o further 15m to 20m bushels, obout 500,000 toones.

This uncertainty over the extent of the U.S. supply recovery stabilised cash bean oil prices on U.S. markets this week after an $80 a tone nose-dive since mid-December.

Markets there bave also been supported by a long period of consumer restocking which is likel yto keep U.S. soya oil prices relatively uncompetitive against other vegetable oil on world export markets.

Traders are divided over bow long they expect these factors to support the market. One merchant questioned the department's projections for U.S. 1984-85 internal demand of 4.4m tonnes.

This would be slightly above last year's levels when soya consumption was exceptionally strong due to shortage and high prices of cottonseed and sunflowerseed. The latter items are in much better supply this season.

Others note that the market is bound to enter a cautious phase in the next few weeks as the trade is pre-occupied with the progress of Latin American soya crops. None the less, in spite of some problems with dry weather in Brazil, there ore expected to be at record or near-record levels.

With U.S. f.o.b. prices up to $600 a tonne, crude soya oil is making little headwey on interoational markets, except on concessional credit terms, leaving the field wide open for palm and rapeseed oils which offer beavy discounts.

Until recently this factor had enabled Malaysian palm-oil exporters to defend their own market successfully at $600-$620 for refined palm products with support from steady Pakistani purchases and a 120,000-tonne sale to the Soviet Union.

In the past week, however, palm oil prices collapsed by $45 a tonne as more pressing factors beld sway, namely the unseasonally high level of stocks in the wake of months of record production.

Dealers here draw attention to the fact that Malaysia is ill-equipped to continue stockpiling indefinitely. Crude palm oil can only be stored for o limited time before it deteriorates and fatty acid content rises to unacceptably high levels.

Turning the crude into processed palm products, the mainstay of Malaysian exports, offers temporary remission only because storage space is limited and finance of these stocks prohibitive.

Some traders are convinced palm oil will thus spearhead the next vegetable oil bear wave, especially no wthat soya is no longer tbe only contender.

Following this season's record harvest the EEC has been selling increasing quantities of rapeseed oil into export channels. Morocco, Pakistan, India and Algeria have all been recent buyers and all are traditional large soya or palm markets.

Rape oil's hefty discount against soya is also proving attractive to European refiners for blends and margarines.

One factor which may assist the ultimate decline in vegetable oil prices at some stage this year is the downturn in prices of the so-called premium oils, that is those for which substitution is limited and demand therefore relatively inelastic to price.

Coconut oil has fallen in recent weeks by $140 per tonne to reach the low $900s for the first time since autumn 1983. Dealers cite the freeing of export supplies by The Philippines, increasing supplies from other sources and the competition fro mpalm-kernel oil but some element of consumer discontent appears to have finally influenced the move, too.

Groundnut oil, in spite of a forecast 30 per cent fall in exportable supply from Senegal, has fallen by $100 since December as European consumers have taken advantage of larger than usual supplies of sunflower oil.

Tho extent of the decline in these markets has served to highlight the expensive price of soya—still almost 100 per cent dearer than before the oilseed shortages of the 1983-84 season.

Tea export decision welcomed

By P. C. Mahanti in Calcutta

THE TEA trade and industry have welcomed generally the Indian Government's reported decision on tea exports as measures that would inspire in foreign buyers confidence in India as a dependable source of supply.

The decision was to release 2m kg of South Indian CTC (cut, tear and curl) tea for export this month and next subject to o minimum f.o.b. valuo of Rs 333 a kilogramme, to be followed by another release of 4m kg of North Indian CTC teas subject to a minimum export price of Rs 35 a kilogramme.

Sydney SE joins options clearing network

By Gordon Cramb

SYDNEY STOCK EXCHANGE has joined a computerised options clearing network which aims to offer worldwide dealings in gold and silver contracts virtually round the clock.

The International Options Clearing Corporation, which has until now linked the European Options Exchange in Amsterdam with the Montreal andn Vancouver stock exchanges, yesterday morning passed its first open orders on to the Australian market.

Orders which are not filled by the close of trading in one centre are handed on, ready for the opening of the next of the four exchanges. Many orders circle the globe in this way several times before shifts in the underlying precious metal values lead to a deal being struck at the price sought.

Depending on the time of year, trading can be in progress for up to 20 hours of the international day.

Heads of the IOCC exchanges, meeting in London yesterday and today, are also examining the possibility of expanding their much smaller currency options side and of launching an interest rate contract based on Libor, the London interbank offered rate for Eurodollars.

Sydney, in spite of a thriving equity options exchange, has not previously offered commodity-based contracts. None the less it wos able yesterday to fill an initial 110 orders left over from Vancouver, compared with an IOCC daily average volume for last year of about 21,150 contracts.

The contracts on offer are for 10 ounces of gold bullion and 250 ounces of silver bullion. Their size is standard for all four exchanges. Clearing will from no wbe carried out in Sydney, while contracts which are exercised will be settled in London.

Freeze lifts oil prices

BY DOMINIC LAWSON

OIL PRICES gained strength yesterday as European refiners reacted to the continued cold snap. There was particular demand for prompt shipments of crude oil.

January shipments of Brent, the UK marker crude, were traded at $27.50, and talked as bigh as $27.70. This was less than o dollar below the former British National Oil Corporation official price of $28.65.

February shipments of Brent were traded ot $27.20, up to 20 cents higher than the levels seen on Wednesday.

The British Government is still preventing the corporation from opening discussions with North Sea producera about official January prices.

The Government is particularly concerned not to antagonise the Organisation of Petroleum Exporting Countries before Opec ministers meet in extraordinary session on January 28 in Geneva.

Opec states are believed to be producing only 15.5m barrels of oil a day, under the 16m b/d production ceiling agreed last month.

London cocoa futures reach 8-month highs

COCOA PRICES reached new eight-month highs on the London futures market yesterday. Continued manufocturer demand, coupled with concern over sterling, pushed the May position to £2,107 a tonne at one stage.

Profit-taking and hedging against recent producer sales trimmed the market back in the afternoon, however, and the May quotation closed £20 up on balance at £2,083.50 a tonne.

LONDON MARKETS

COPPER PRICES moved to new five-year highs on the London Metal Exchange yesterday with the cash high grade quotation ending £18.75 up at £1,234.25 a tonne, taking the rise so far this week to £60.75 a tonne.

Dealers said the rise reflected a further tightening in the immediate supply situation which was supported by the fact that the cash discount against three months narrowed from £9.75 to £2.50 a tonne.

Aluminium recovered most of Wednesday's lost ground with the cash position gaining £11.50 to £980.50 a tonne, mainly on the strength of Far Eastern buying.

Sugar values fell back sharply on continued profit-taking following the recent sustained advance.

MAIN PRICE CHANGES

In tonnes unless otherwise stated

	Jan. 17 1985	+ or —	Month ago
METALS			
Aluminium	£1100		£1100
Free Mkt.	$1150-1180	+25	$1115/1145
Copper			
Cash h Grade	£1234.25	+18.75	£1138.25
3 mths	£1237.75	+12.5	£1149.75
Gold troy oz.	$305	+3.25	$307.85
Lead Cash	£362.5	+2.25	£348
3 mths	£329.75	+1	£333.5
Nickel	£5818		£5967
Free Mkt.	212/240c		220/250c
Palladium oz.	$117.60	+0.85	$128.50
Platinum oz	$272.75	+1.25	$291.20
Quicksilver†	$295/300		$300/310
Silver troy oz.	551.45p	+15.60	553.20p
3 mths	566.55p	+15.55	545.15p
Tin cash	£9185	-31.5	£8955
3 mths	£9798.5	-20	£9911.5
Tungsten	$81.75		$83.51
Wolfram 22.04lb	$64/68		$74/75
Zinc	£716.5	+9	£661
3 mths	£718.5	-6.75	£673
Producers	$900		$900

	Jan. 17 1985	+ or —	Month ago
OILS			
Coconut (Phil)	$885y		$925
Palm Malayan	$580w		$600
Seeds			
Copra Phil	$580v	-20	$560
Soyabean (U.S.)	$251.30z		$247.5
GRAINS			
Barley Fut. Mar	£114.60	+0.25	£113.45
Maize	£148.50		£146.60
Wheat Fut. Mar	£113.80	-0.15	£113.35
No2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. May	£2038.5	+20	£1867.5
Coffee Ft. Mar.	£2371	+11.5	£2246
Cotton A index	71.25c	-0.20	73.25c
Gas Oil Feb.	$250	+8.5	$221
Rubber (kilo)	64p		63p
Sugar (raw)	$117yw	+2	$101.5
Woolt'ps 64s	512p kilo	+10	487p kilo

‡ Unquoted. z Feb. w Mar. y Jan-Feb. x Dec-Jan. v Mar-April. † Per 75-lb flask. n Nominal. c Cents per pound.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	1228.5-7	+28	1234.5	+18.7
3 months	1232.5-3.5	+25.5	1231.5-8	+12.5
Settlem't	1227	+28.5	—	—
Cathodes				
Cash	1215-7	+25.5	1223.4	+17.5
3 months	1226-8	+22	1233.4	+13
Settlem't	1217	+26	—	—

Amolgamoted Metal Trading reported that in the morning cash higher grade traded at £1,228, 27, 26.5, three months £1,226, 27, 28, 29, 30, 31, 34, 33.5, 34, 33, 33.5, 33, 32, 31.5, 32, 33. Kerb: Higher Grade: Three months £1,232, 31.5, 31, 30.5, 30, 29. Afternoon: Higher Grade: Three months £1,233.5, 33, 33.5, 34, 35, 36, 37, 36, 31, 36, 37, 38, 37.5. Kerb: Higher Grade: Three months £1,234, 35, 34, 34.5, 39, 34, 33.3, 34. Turnover: 34,825 tonnes. U.S. Producers: 63-66 cents per pound.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	9820-30	+10	9805-15	-17.3
3 months	9815-25	+10	9805-10	-15
Settlem't	9830	+10	—	—
Standard				
Cash	9790-800	-4	9780-90	-27.5
3 months	9795-805	+16	9790-5	-20
Settlem't	9800	—	—	—
Straits E.	$29.15	—	—	—

Tin—Morning: Standard: Cash £9,800, three months £9,810, 5, 800. High Grade: Cash £9,830. Kerb: Standard: Three months £9,800. Afternoon: Standard: Three months £9,790, 95. Kerb: Standard: Three months £9,800. Turnover: 1,085 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	365-5	—	362-3	+2.25
3 months	328-.5	-.5	329.5-30	+1
Settlem't	366	—	—	—

Lead—Morning: Cash £370, three months £333, 34, 33, 31, 30, 29.5. Three months £329.5. Afternoon: Cash £363, three months £329. Turnover: 20,950 tonnes. U.S. Spot: 18-26 cents per pound.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	716-.5	+0.P	715.0	+2
3 months	710.5-1	+2.P	719.3	-5.75
Settlem't	110.5	+8.5	—	—

Zinc. High Grade Official/Unofficial prices: cash am 762.5, pm 756-60; three months am 755-60, pm 748-50; settlement 765.

Zinc—Morning: Cash £717, 16.5, three months £712, 13, 12.5, 12, 11. Kerb: Three months £711, 12, 11. Afternoon: Cash 716, 15, 16, three months £712, 13, 14. Kerb: Three months £714, 13, 14, 15, 14, 13. Turnover: 13,150 tonnes. U.S. Prime Western: 43.50-45.75 cents per pound.

ALUMINIUM

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	979-80	+24	980-1	+2.25
3 months	1008.5-9	-24.5	1009.5-10	+2.25

Aluminium—Morning: Three months £1,010, 11, 12, 11, 10, 9, 10, 11, 10, 9, 8.5, 8, 8.5. Kerb: Three months £1,008. Afternoon: Three months £1,010, 11, 12, 13, 14, 13, 14, 13, 12, 11, 10, 9.5, 10, 11, 10, 9.5. Kerb: Three months £1,008, 8, 7, 6, 5, 4, 5, 6, 7, 8, 7. Turnover: 30,025 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	4340.5	+28	4340.5	+6
3 months	4370.5	+12	4370.5	+5.5

Nickel—Morning: Cash £4,380, 40, three months £4,365, 60, 70, 85, 89, 87. Kerb: Three months £4,380, 79, 75. Afternoon: Three months £4,375, 80, 75. Kerb: Three months £4,375. Turnover: 1,194 tonnes.

GOLD

Gold rose $2¾ an ounce from Wednesday's close in the London bullion market yesterday to finish at $304¾-305¼. The metal opened at $304¾-305¼ and traded between a high of $306-306½ and a low of $304½-305. The firmer trend reflected a slight softening by the dollar although gold failed to sustain a break through the $306.0 chart resistance level.

LONDON FUTURES

Month	Yest'days close	+ or —	Business Done
	$ per troy ounce		
Jan.	—	—	—
Feb.	306.30-06.50	+0.40	307.10-05.40
April	300.80-10.50	+2.40	—

Turnover: 97 (123) lots of 100 troy ounces.

GOLD BULLION (fine ounce) Jan. 17		
Close	$304¾-305¼	(£272¼-272¾)
Opening	$304¾-305¼	(£270½-271¼)
M'n'g fix.	$305.80	(£272.506)
Aft'n'n fix.	$305.50	(£272.403)
GOLD AND PLATINUM COINS		
Kr'g' r'nd.	$314-314½	(£280½-281¼)
½ Krug.	$162-162½	(£144¾-145½)
¼ Krug.	$83-83½	(£74-74½)
1/10 Krug.	$33½-34½	(£30-30½)
Mapleleaf	$314-314½	(£280½-281¼)
New Sov.	$72-72½	(£64¼-64¾)
½ New Sov.	$43½-44¼	(£38¾-39½)
Old Sov.	$73½-74	(£64½-66½)
$20 Eagle	$470-500	(£420-446½)
Noble Plat	$280½-284	(£250½-253½)

SILVER

Silver was fixed 15.6p an ounce higher for spot delivery in the London bullion market yesterday at 551.45p. U.S. cent equivalents of the fixing levels were: spot 618c, up 15.5c; three-month 629.9c, up 15.4c; six-month 643.8c, up 15.5c; and 12-month 674.8c, up 18.6c. The metal opened at 544-547p (612-615c) and closed at 550-553p (615-619c).

SILVER per troy	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	551.45p	+15.6	550.3p	+8
3 months	566.55p	+15.5	566.75p	+8.25
6 months	581.65p	+16.7	—	—
12 months	611.80p	+15.3	—	—

LME — (2,000 oz contract): cash 550.5p (542.5p); three months 566.75p (558.5p). Turnover: 0 (0). Turnover: 147 (108) lots of 10,000 oz.

Morning: large 1st ring three months 558.5, 2nd ring three months 567. Kerb: three months 567. Afternoon: large 1st ring three months 567, 68.5, 68, 2nd ring three months 566, 67. Kerb: untraded.

COCOA

Having opened lower as due, futures rallied strongly on trade and commission house buying and breached limit-up levels before easing back on profit-taking and hedging against light origin sales, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	2067-2060	+14.5	2095-2055
May	2083-2084	+20.0	2107-2048
July	2076-2077	+18.0	2100-2044
Sept.	2070-2078	+22.0	2105-2045
Dec.	1995-1996	+0.0	2010-1985
Mar.	1987-1993	-8.8	1990-1982
May	1975-2000	-2.6	—

Sales: 7,832 (3,756) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for January 17: 101.58 (100.71); five-day average for January 18: 100.53 (98.82).

COFFEE

An initial setback was short-lived as light trade buying prompted a rally, reports Drexel Burnham Lambert. Improved physical market activity gave support to nearby positions although trade hedge selling became a factor late in the day.

COFFEE	Yesterd'ys Close	+ or —	Business Done
January	2365-60	+23.0	2360-31
March	2310-72	+11.5	2389-53
May	2370-73	+6.6	2388-60
July	2380-82	+1.5	2390-75
Sept.	2383-86	-1.0	2390-77
Nov.	2385-89	-8.5	2394-89
Jan	2385-92	-1.0	2390-87

Sales: 3,387 (3,716) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for January 16: Comp daily 1979 134.79 (134.48); 15-day average 133.98 (133.87).

INDICES

FINANCIAL TIMES

Jan. 16	Jan. 15	M'th ago	Year ago
295.61	294.60	287.97	290.60

(Base: July 1 1952 = 100)

REUTERS

Jan. 17	Jan. 16	M'th ago	Year ago
1990.7	1983.1	1903.1	1970.8

(Base: September 18 1931 = 100)

MOODY'S

Dec. 27	Dec. 19	M'th ago	Year ago
066.9	966.4	—	1404.2

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	Dec. 17	Dec. 15	Month ago	Year ago
Spot	121.99	122.83	—	140.42
Fut	124.33	123.66	—	143.53

(Base: December 31 1974 = 100)

GRAINS

Wheat was slightly easier on profit-taking in fairly quiet trade. Barley found good mixed buying support, reflecting physical market demand but failed to hold the gains. New crops were quietly steady, reports Muirpace.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterd'ys close	+ or —
Jan.	111.25	-0.15	112.90	+0.45
Mar.	113.80	-0.15	114.60	+0.25
May	117.40	-0.20	117.35	+0.25
July	119.40	-0.10	—	—
Sept.	99.00	—	98.85	+0.15
Nov.	102.20	+0.05	102.15	+0.10

HGCA — Locational ex-farm spot prices. Feed barley: E. East 111.90, S. West 111.20, W. Mids 109.60, N. West 108.80. The UK monetary coefficient for the week beginning Monday January 21 will change to 1.036.

Business done—Wheat: Jan 111.35-1.25, March 113.95-3.80, May 117.60-7.40, July unused, Sept 99.00 only, Nov 102.15 only. Sales: 136 lots of 100 tonnes. Barley: Jan 112.80 only, March 114.75-4.35, May 117.50-7.25, Sept 98.80-8.70, Nov 102.00 only. Sales: 199 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. dark northern spring No 1 14 per cent Feb 176.45, March 176.85, April-May 166.65 seller transhipment east coast. U.S. No 2 soft red winter Feb 163.75, March 164.25, April 183.25 sellers. English feed fob Feb 114 seller Boston. Maize: U.S. No 3 Yellow/French Jan 146.50 quoted transhipment east coast. Barley: English feed fob Feb 118.50 seller east coast. Rest unquoted.

PIGMEAT

After a weak opening prices rallied due to short-covering and fresh buying, reports CCST Commodities.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
Feb.	110.90	111.20	110.90-110.50
April	107.30	107.90	107.30-107.30
June	104.70	105.60	106.60-104.60
Aug	102.30	102.60	
Oct.	108.50	108.60	108.50-108.10
Nov	109.50	109.50	109.20-109.00

Sales: 79 (189) lots of 50 carcases, 3,250 kg.

POTATOES

Exceptionally low temperatures throughout the South and heavy snowfall, with more forecast, kept the market steady in anticipation, perhaps, of a weather market developing within the physical trade. Selling interest at £60, basis April, was keen and levels slipped off the highs on the close, reports Coley and Harper.

Month	Yesterdy's close	Previous close	Business Done
	£ per tonne		
Feb.	41.60	42.20	42.30-47.00
April	69.10	67.40	60.80-58.60
May	62.00	60.30	63.50-61.00
Nov.	71.00	70.50	71.50-71.00
Feb.	81.00	81.50	—

Sales: 520 (550) lots of 40 tonnes.

OIL

In restrained trading early February North Sea cargoes remained firm at around $27.40 or more per barrel but undated Brent slipped 5c after staging a modest recovery in the morning. Nymex crude opened firm, 16c up, but lost most of the gains by 1 pm EST. In the petroleum products markets gas oil prices again strengthened, led by strong Continental demand and tight supplies. Heavy fuel prices continued to firm in the Mediterranean but were again stable in N.W. Europe despite a shortage of prompt supplies—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arab Light	27.80-28.00	-0.15
Arab Heavy	26.75-30.85	—
Dubai	21.55-27.45	—
Brent Blend	26.85-26.95	-0.05
W.T.I. (1pm est)	25.60-25.70	-0.025
Forcados (Nigeria)	27.35-27.45	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe "cif" ($ per tonne)		
Premium gasoline	230-930	-1
Gas Oil	237-939	+8
Heavy fuel oil	184-187	—

All February prices.

Petroleum Argus Estimates

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Jan.	256.50	+4.50	258.50-34.75
Feb.	250.00	+2.70	252.75-29.50
March	224.25	+1.75	225.75-23.50
April	217.75	+0.50	218.00-13.75
May	214.50	+3.50	215.00-14.25
June	215.00		215.00-14.00
July	214.35	+0.35	214.35

Turnover: 2,717 (3,939) lots of 100 tonnes.

RUBBER

PHYSICALS — The London market opened easier, attracted little interest throughout the day and closed dull, reports Lewis and Peat. Closing prices (buyers): Spot 64.00p (same); Feb 76.00p (75.00p); March 74.25p (75.00p). The Kuala Lumpur Jan fob price for RSS No. 1 191.5 (193.75) and for SMR 20 was 182.0 (183.0).

SOYABEAN MEAL

The market opened unchanged to 20p lower, reports T. G. Roddick. Shipper and commission house selling pressure eroded values during the afternoon.

	Yesterday close	+ or —	Business Done
	£ per tonne		
Feb.	151.5-151.7	-1.40	152.0-151.5
April	152.5-151.5	-1.25	151.0
June	151.0-150.5	-1.25	
August	150.5-151.0	-0.25	151.5-151.0
October	151.1-152.5	-1.20	
Dec.	151.5-153.5	-1.50	153.5
Feb.	152.0-155.5	-0.50	

Sales: 1,115 (837) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $117.00 (£104.50), up $2.00 (up £2.00) a tonne for Jan-Feb-Mar delivery. White sugar $148.00, unchanged.

No.6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Mar.	120.4-120.8	128.0-129.2	128.0-120.2
May	127.2-127.4	135.0-136.2	135.6-127.0
Aug	137.4-137.8	145.6-146.2	146.0-144.0
Oct	144.5-145.3	155.5-153.0	153.8-144.6
Dec.	151.5-153.2	159.5-161.0	158.6-159.6
Mar.	166.0-167.0	175.0-176.0	175.4-167.2
May	173.0-175.2	181.5-183.0	180.0-180.8

Sales: 2,846 lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £212.50 (£211.50) a tonne for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean ports). Prices for Jan 18: Daily price 3.91 (3.81); 15-day average 3.41 (3.35).

U.S. MARKETS

PRECIOUS METALS rallied with the currencies and now have advanced to the levels where technical support is a new propelling force, reports Heinold Commodities. Copper was strong on short-covering, arbitrage buying and technically orientated buying. Aluminium traded moderately higher primarily on arbitrage interest. Heating oil rallied in very choppy trading on continued indications of cold weather in North East U.S.A. Sugar collapsed when attempts to trade through upper resistance levels failed and massive long liquidation developed, triggering stop-loss selling. Coffee moved sharply higher on renewed concern over the adequacy of deliverable supplies. Cocoa continued the steady advance with manufacturer pricing and arbitrage interest competing for limited offerings. Cotton was steady to slightly higher with some light buying based on higher currencies.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Jan	49.25	—	—	48.65
Feb	49.45	—	—	48.85
March	49.85	49.95	49.55	49.25
May	50.60	50.75	50.45	50.00
July	51.35	51.95	51.20	50.75
Sept	52.10	—	—	51.50
Dec	53.30	—	—	52.70
Jan	53.70	—	—	53.15
March	54.50	—	—	53.90
May	55.30	—	—	54.70
July	56.10	—	—	55.50
Sept	56.60	—	—	56.30

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
March	2186	2194	2185	2149
May	2207	2220	2186	2170
July	2183	2198	2165	2157
Sept	2170	2159	2160	2154
Dec	2109	2127	2092	2100
March	2109	—	—	2109
May	2109	—	—	2099

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
March	148.25	146.60	145.20	144.84
May	142.98	143.59	142.50	142.27
July	141.15	141.50	140.80	140.53
Sept	139.55	139.60	139.25	139.00
Dec	138.25	138.60	138.25	137.51
March	137.00	137.20	136.75	136.50
May	135.75	135.75	135.60	135.50

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Jan	59.86	—	—	58.55
Feb	59.75	—	—	58.65
March	60.15	60.35	59.50	59.05
May	60.40	60.40	59.50	59.50
July	60.60	60.50	60.00	59.90
Sept	60.80	60.85	60.50	60.30
Dec	61.35	61.60	60.85	61.10
Jan	61.50	—	—	61.35
March	61.85	61.60	61.85	61.85
May	62.15	62.60	61.00	62.30
July	62.45	62.10	62.10	62.75
Sept	62.75	—	—	63.20

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
March	65.79	66.20	65.75	66.13
May	66.79	67.20	66.75	67.15
July	67.72	67.90	67.60	67.82
Oct	67.57	67.66	67.55	67.86
Dec	67.43	67.51	67.40	67.51
March	68.80	68.95	68.95	68.95
May	69.50	—	—	69.70
July	69.50	—	—	—

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
Feb	25.70	25.80	25.60	25.62
March	25.72	25.86	25.57	25.67
April	25.57	25.88	25.43	25.49
May	25.45	25.66	25.31	25.37
June	25.48	25.50	25.42	25.35
July	25.00	—	—	25.30
August	25.35	25.35	25.35	25.30

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Jan	307.8	306.5	304.5	303.7
Feb	308.5	308.5	305.2	304.5
March	310.4	308.0	307.5	306.4
April	312.3	313.5	308.8	308.2
June	318.7	315.0	313.3	312.6
August	321.2	319.0	318.5	317.0
Oct	325.5	323.8	322.5	321.5
Dec	331.1	329.0	327.2	326.7
Feb	336.4	333.5	333.8	332.0
April	341.8	338.3	338.3	337.2
June	347.5	—	—	343.1
August	353.7	—	—	349.1
Oct	360.0	—	—	355.3

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
Feb	78.00	78.00	77.10	76.34
March	71.95	72.10	71.50	70.89
April	67.75	68.50	67.80	67.59
May	66.40	67.05	66.30	66.30
June	65.90	66.30	66.10	65.50
July	66.90	—	—	65.75

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Jan	162.25	64.00	—	57.50
March	165.80	65.80	63.75	60.90
May	166.30	59.80	65.00	61.80
Sept	165.20	65.40	63.60	60.40
Nov	163.80	63.90	60.60	56.90
Jan	162.00	—	—	57.90
March	162.00	—	—	57.60

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Jan	275.5	274.5	271.0	270.9
April	279.2	280.0	274.1	274.7
July	284.0	284.0	280.0	280.5
Oct	290.0	290.5	287.0	286.8
Jan	297.1	295.5	295.0	293.0

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Jan	629.5	617.5	617.5	611.3
Feb	630.0	—	—	612.1
March	634.8	626.0	620.5	616.5
May	643.2	636.0	629.5	625.1
July	652.4	645.0	638.0	634.2
Sept	662.5	655.0	649.0	644.2
Dec	676.6	670.0	665.0	660.2
Jan	684.2	—	—	665.7
March	695.3	684.6	684.5	676.7
May	707.4	—	—	688.7

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
March	4.23	4.66	4.22	4.58
May	4.57	4.89	4.55	4.92
July	4.94	5.27	4.93	5.30
Sept	5.17	5.51	5.11	5.55
Oct	5.38	5.70	5.36	5.73
Jan	5.86	5.20	5.10	6.21
March	6.33	6.66	6.32	6.68
May	6.57	6.87	6.57	6.58

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Feb	65.07	65.56	65.05	65.32
April	67.67	67.40	67.05	67.11
June	67.27	67.46	67.22	67.32
August	65.27	65.50	65.22	65.37
Oct	63.45	63.75	63.42	63.57
Dec.	64.32	64.50	64.32	64.85

LIVE HOGS [illegible]

MAIZE [illegible]

PORK-BELLIES [illegible]

SOYABEANS [illegible]

	Close	High	Low	Prev
May	609.6	609.2	606.4	606.2
July	618.0	618.0	614.0	615.2
August	619.0	618.4	615.0	617.4
Sept	610.0	612.0	608.0	609.0
Nov	611.2	612.4	608.5	611.0
Jan	624.0	625.5	623.0	623.6
March	637.4	638.0	638.0	637.4

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Jan	143.8	143.0	142.7	142.1
March	147.4	147.4	146.8	146.7
May	152.9	152.7	152.1	152.0
July	157.8	157.1	157.0	157.2
August	159.8	159.5	158.6	158.7
Sept	160.0	161.0	160.6	159.5
Oct	160.0	—	—	159.5
Dec	165.8	166.0	165.5	165.6

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Jan	26.39	26.20	26.00	26.07
March	25.80	25.41	25.26	25.28
May	25.12	25.00	24.83	24.88
July	24.80	24.70	24.53	24.60
August	24.45	24.45	24.30	24.40
Sept	24.35	24.25	24.00	24.25
Oct	23.80	24.00	23.80	24.00
Dec	23.80	23.75	23.45	23.70

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
March	352.0	353.6	350.4	353.4
May	344.6	346.4	343.4	346.0
July	333.6	334.6	332.0	334.4
Sept	334.4	336.4	333.6	336.0
Dec	345.4	346.4	345.0	346.0
March	349.4	—	—	349.0

SPOT PRICES—Chicago loose lard 25.00 (same) cents per pound. New York tin 496.0-510.0 (496.0-510.0) cents per pound. Handy and Harman silver bullion 617.5 (609.0) cents per troy ounce.

OTHER MARKETS

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Jan unquoted, 515; March 514, 516, 515-514; May 524, 525, 524-523; Aug 542, 543, 543-542; Oct 543, 544, 543-541; Dec 543, 545, 544-542; Jan 544, 546, 546-543; March 553, 555, 554-553; May 557, 560, 558. Sales: 175.

SYDEY GREASY WOOL—Close (in order buyer, seller, business). Australian cents per kg. March 582.0, 585.0, 582.0; May 588.0, 590.0, untroded; July 597.0, 599.0, 599.0; Oct 582.0, 588.0, untraded; Dec 588.0, 590.0, untroded; March 532.0, 601.0, untroded; May 600.0, 604.0, untraded; July 605.0, 610.0, untraded. Sales: 6.

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 100.04p per kg lw (+0.42). GB—Sheep 160.56p per kg est dcw (−3.14). GB—Pigs 88.40p per kg lw (−1.86).

SMITHFIELD—Pence per pound. Beef—Scotch killed sides 77.0 to 85.0; English hindquarters 88.0 to 96.0, forequarters 64.0 to 68.0. Veal—Dutch hinds and ends 123.0 to 127.0. Lamb—English small 58.0 to 74.0, medium 62.0 to 70.0, heavy 60.0 to 64.0; Scotch medium 62.0 to 65.0, heavy 59.0 to 62.0; Imported: New Zealand PL (new season) 70.0 to 71.0, PL (old season) 67.0 to 67.5, PX (old season) 65.5 to 66.0. Pork — English under 100 lbs 52.0 to 62.5, 100-120 lbs 55.0 to 58.5, 120-160 lbs 46.0 to 53.0.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 145 tonnes. Spinners directed their attention towards selected African growths. South American long staple varieties moved off quite well but other American type growths were disregarded.

ROTTERDAM

WHEAT—(U.S. $ per tonne): U.S. two soft red winter Feb 167, March 167, April 166.50, U.S. two northern spring 14 per cent protein spot 178, Feb 183, March 185, April/May 170. U.S. northern spring 15 per cent protein spot 198, April/May 187.80. U.S. three hard amber durum Jan 202, Feb 204, March 206, April/May 188, June 186, Sept 184. Canadian one western amber durum April/May 196.

MAIZE—(U.S. $ per tonne): U.S. three yellow afloat 139, Jan 138, Feb 133.50, March 132.50, April/June 132.60, July/Sept 132.50 sellers. Argentine Plate March 133, April 132, April/June 130.50 sellers.

SOYABEANS—(U.S. $ per tonne): U.S. No. two yellow Gulfports Feb 244.30, March 244.30, April 245.20, May 245.50, June 247.20, July 248.30, Oct 242, Nov 242 sellers.

SOYAMEAL—(U.S. $ per tonne): 44 per cent afloat 171, Jan 170, Feb 170, March 170, April/Sept 170 sellers. Pellets Brazil afloat 186, Jan 184, Feb 179, March 178, April and May 170, April/Sept 172 sellers. Pellets Argentine afloat 174, Jan 173, Feb and March 176, May/Oct 170 sellers.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar shows small recovery

The dollar improved from the day's lows, touched in early trading, but still finished down from Wednesday's closing levels in London. Trading was generally quiet and uneventful for much of the day as the market appeared to show a lack of direction. There were fears expressed that any concerted move outside its recent trading range could indicate the start of a significant change in dollar cross rates.

For the time being, however, the U.S. unit remained sandwiched between its lower support level and an upper limit governed by fears of central bank intervention. News that the West German Bundesbank had not increased domestic interest rates gave the dollar a brief fillip but it still closed down from Wednesday's level of DM 3.1890 at DM 3.1810. Against the Swiss franc it slipped to SwFr 2.6785 from SwFr 2.6750 and FFr 9.7500 from FFr 9.7625. It was also lower in terms of the yen at Y254.55 from Y254.90. On Bank of England figures, the dollar's trade weighted index was unchanged at 146.5.

STERLING — Trading range against the dollar in 1984-85 is 1.4960 to 1.1110. December average 1.1872. Exchange rate index closed down at 71.2 from 71.3, having touched a high of 71.4 in the morning. The six month ago figure was 78.4.

Yesterday's PSBR figures were not expected to show a particularly favourable trend, but confirmation of preliminary estimates were well received by the market. However, there appeared to be little prospect of any significant recovery by sterling as long as the threat of lower oil prices and the possibility of renewed dollar strength prevailed.

While showing a five point gain to finish at $1.1185-1.1195 against the dollar, sterling slipped to DM 3.5575 from DM 3.5675 and SwFr 2.9925 from SwFr 2.9950. It was also lower in terms of the French franc at FFr 10.90 from FFr 10.92 and Y284.75, compared with Y285.0.

D-MARK — Trading range against the dollar in 1984-85 is 3.1935 to 2.5535. December average 3.1021. Trade weighted index 120.2, against 124.4 six months ago.

The Bundesbank sold $9.85m at yesterday's fixing in Frankfurt when the dollar was fixed at DM 3.1816 down from DM 3.1833 on Wednesday. There was renewed interest in the dollar after the Bundesbank had resisted pressure to increase domestic interest rates in the face of recent dollar strength. The extent of the dollar's rise was limited, however, with little incentive to push it much nearer DM 3.20. Nevertheless the dollar still managed to rise to a high of DM 3.1885 as the market digested the implications of the West German decision not to raise interest rates. However, fears of central bank intervention saw the dollar finish on a downward note at DM 3.1785.

Elsewhere sterling was fixed at DM 3.5670 from DM 3.5700 while the Swiss franc was higher at DM 1.1892 from DM 1.1886. Within the EMS the Belgian franc was unchanged at DM 4.9990 per BFr 100 as was the French franc at DM 32.64 per FFr 100.

STERLING EXCHANGE RATE INDEX

(Bank of England)

	Jan 17	Previous
8.30 am	71.4	71.2
9.00 am	71.4	71.3
10.00 am	71.4	71.2
11.00 am	71.2	71.3
Noon	71.2	71.3
1.00 pm	71.2	71.3
2.00 pm	71.2	71.3
3.00 pm	71.2	71.3
4.00 pm	71.2	71.3

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu January 17	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	44.5039	−0.88	—	±1.5428
Danish Krone ...	8.14104	7.95580	−2.28	−1.40	±1.6421
German D-Mark	2.24184	2.22415	−0.79	+0.08	±1.1463
French Franc ...	6.87456	6.80638	−0.99	−0.11	±1.3659
Dutch Guilder ...	2.52595	2.51189	−0.56	+0.32	±1.5155
Irish Punt	0.72569	0.715073	−1.46	−0.58	±1.6671
Italian Lira	1403.49	1365.11	−2.73	−2.47	±4.0511

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

	January 17	Prev. close
£ Spot	$1.1185-1192	$1.1105-1170
1 month	0.49-0.38 pm	0.42-0.38 pm
3 months	1.03-1.96 pm	1.03-0.98 pm
12 months	2.05-1.88 pm	2.08-1.95 pm

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST POUND

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Jan 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.1175-1.1260	1.1185-1.1195	0.39-0.35c pm	6.97	0.97-0.92 pm	3.38
Ireland†	0.9740-0.9775	0.9765-0.9772	0.55-0.50c pm	0.46	1.45-1.35 pm	0.74
Canada	1.3230-1.3273	1.3265-1.3270	0.15-0.18c dis	−1.49	0.38-0.41dis	−1.16
Nethlnd.	3.5830-3.6020	3.5935-3.5945	0.69-0.66c pm	2.25	2.15-2.12 pm	2.37
Belgium	63.60-64.03	63.60-63.70	9-10c dis	−1.79	21-23 dis	−1.38
Denmark	11.34½-11.40¾	11.37¼-11.37¾	2½-3ore dis	−2.90	7½-8 dis	−2.72
W. Ger.	3.1660-3.1890	3.1805-3.1815	0.69-0.64pf pm	2.51	1.98-1.93 pm	2.46
Portugal	172¼-173¾	172½-173½	250-500c dis	−26.05	700-1480dis	−24.89

OTHER CURRENCIES

EXCHANGE CROSS RATES

Jan. 17	Pound St'rling	U.S. Dollar	Deutsche m'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.119	3.558	284.8	10.90	2.990	4.028	2125.	1.485	71.28
U.S. Dollar	0.894	1.	3.181	254.9	9.750	2.679	3.094	1933.	1.327	63.65
Deutschemark	0.281	0.318	1.	80.04	3.064	0.841	1.130	614.6	0.417	20.03
Japanese Yen 1,000	3.518	3.930	12.49	1000.	38.28	10.51	14.12	7674.	5.215	250.2
French Franc 10	0.917	1.027	3.254	261.2	10.	2.765	3.688	2000.	1.362	26.37
Swiss Franc	0.334	0.374	1.189	95.10	3.642	1.	1.343	730.9	0.490	23.81
Dutch Guilder	0.242	0.278	0.888	70.85	2.711	0.744	1.	545.9	0.369	17.72
Italian Lira 1,000	0.458	0.519	1.629	130.5	4.988	1.368	1.840	1000.	0.679	33.50
Canadian Dollar	0.674	0.754	2.396	191.8	7.348	2.016	2.708	1472.	1.	48.00
Belgian Franc 100	1.404	1.571	4.995	399.0	15.30	4.200	5.648	3057.	2.084	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Jan. 17	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	13-13¼	8⅝-8¾	9⅝-9⅞	6⅞-7	2¼-2½	5¼-5⅜	10¼-10⅜	18⅛-14⅛	10½-11	10¾-11	6-6⅛	9-9½
7 days' notice	12⅛-13¼	8⅛-8¼	8⅝-9⅞	6⅞-7	2¼-2½	5½-5⅝	10⅝-10⅞	14¼-15¼	10½-11	10⅝-10⅞	6⅛-6¼	11¼-13
Month	12⅛-12¼	8⅞-8⅞	9⅜-9⅝	6⅞-7	4⅞-5⅛	5⅞-6⅛	10½-10⅝	14⅝-16⅛	10½-11	10⅝-10⅞	6¼-6⅜	13-13½
Three months	11⅞-12⅛	9¼-9⅜	9½-9¾	5⅞-6	5⅛-5⅜	5¾-5⅞	10¾-10⅞	14⅝-14⅞	10½-11	10⅝-10⅞	6⅜-6⅝	11⅞-13⅛
Six months	11⅝-11¾	8⅞-9⅛	9¾-9⅞	5⅞-6⅛	5⅛-5⅜	5⅞-6	11⅛-11¼	14⅝-14¾	10½-11	10⅝-10⅞	6¼-6⅜	11⅝-13⅛
One year	11½-11⅝	9⅛-9¼	10⅛-10⅜	6⅛-6¼	5⅛-5¼	5⅞-6	11¼-11⅜	14½-15	10¾-11¼	10⅝-10⅞	6¼-6⅜	11½-13

Asian $ (closing rates in Singapore): Short-term 8⅞-8⅜ per cent; seven days 8⅞-8⅜ per cent; one month 8⅞-8⅜ per cent; three months 8½-8⅝ per cent; six months 8¹¹⁄₁₆-8¹³⁄₁₆ per cent; one year 9⅛-9¼ per cent. Long-term Eurodollars: two years 10⅝-10⅞ per cent; three years 11-11¼ per cent; four years 11¼-11½ per cent; five years 11⅝-11⅞ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; other two days' notice.

FINANCIAL FUTURES

Gilts active

Gilt futures traded quite actively on the London International Financial Futures Exchange yesterday. March delivery opened unchanged at 104-25, but this proved to be the high of the day, as the market reacted to the suggestion that the UK Public Sector Borrowing Requirement for December would be disappointing and the figure for the full financial year was likely to be at least £2bn higher than the Treasury's original target of £7¼bn. This set the tone for the day, keeping the contract depressed, in spite of the steadier pound on the foreign exchanges. The PSBR figure when published was no worse than anticipated, but still led to fears that although revenue is flowing into the Exchequer during the tax paying season, the result for the year is unlikely to be much below the nine-month figure to December of £10.92bn.

The contract fell to a low of 104-04, and closed at 104-09.

Three-month sterling deposits were affected by similar pressure, opening at 88.75, near the day's high of 88.79, and closing at 88.59 compared with 88.63 previously for March delivery.

March Eurodollars finished firm at 90.98, after breaking through a technical resistance level of 90.96. Early Chicago trading helped to push up the price, and the contract gained support from a rise of 2.1 per cent in December U.S. housing starts, which dealers said was below expectations.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
March	90.98	91.00	90.87	90.92
June	90.30	90.32	90.22	90.28
Sept	89.78	89.77	89.69	89.75
Dec	89.31	89.31	89.26	89.33
March	88.94	88.94	88.82	88.87

Estimated volume 3,879 (3,762)
Previous day's open int 12,122 (12,064)

THREE-MONTH STERLING
£250,000 points of 100%

	Close	High	Low	Prev
March†	88.59	88.79	88.51	88.63
June†	88.88	89.05	88.80	88.89
Sept†	89.86	89.95	88.70	88.93
Dec†	88.82	88.82	88.70	88.90
March†	88.79	—	—	89.87

Estimated volume 1,924 (1,883)
Previous day's open int 5,868 (5,877)
† £500,000 points of 100%

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
March	104-09	104-25	104-04	104-25
June	104-02	104-02	103-30	104-15
Sept	107-13	—	—	107-28
Dec	107-03	—	—	107-18
March	106-25	—	—	107-06

Estimated volume 4,408 (3,204)
Previous day's open int 5,363 (5,214)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) −2 to 2 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.1145	1.1198	1.1120	1.1163

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
March	71-03	71-05	70-20	70-29
June	70-09	—	—	69-31

Estimated volume 759 (820)
Previous day's open int 1,669 (1,675)

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	71-02	71-05	70-23	70-22
June	70-07	70-09	69-28	69-28
Sept	69-17	69-18	69-06	69-05
Dec	68-28	68-28	68-17	68-18
March	68-06	68-06	68-03	68-00
June	67-22	67-22	67-19	67-18
Sept	67-08	67-08	67-07	67-04
Dec	—	—	—	66-24
March	—	—	—	66-13
June	66-08	66-08	66-08	66-03

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
March	91.95	91.97	91.92	91.90
June	91.44	91.46	91.41	91.41
Sept	90.96	90.96	90.93	90.92
Dec	90.56	90.57	90.55	90.53
March	90.23	90.23	90.20	90.22
June	89.95	89.95	—	89.95
Sept	—	—	—	89.70
Dec	—	—	—	89.47

CERT. DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
March	91.31	91.33	91.26	91.24

Company Notices

BRISA—AUTO ESTRADA DE PORTUGAL S.a.R.L.

SWISS BANK CORPORATION (OVERSEAS) S.A., PANAMA

NOTICE TO HOLDERS OF THE US$ CONVERTIBLE BONDS

SOLVAY & CIE S.A.

Under the terms of the UK-Belgium Double Taxation Convention shareholders residing in the UK are eligible upon submitting a duly completed form 276 Div (G6) to a partial reimbursement of Belgian withholding tax equal to 13.38% of the net dividend.

Further information if required, can be obtained from the above mentioned agents.

BANQUE NATIONALE DE PARIS

Legal Notices

IN THE MATTER OF THE COMPANIES ACT 1948
AND
CROWNTEST INVESTMENT LIMITED

NOTICE IS HEREBY GIVEN Pursuant to Section 293 of the Companies Act, 1948 that a MEETING of the CREDITORS of the above-named Company will be held at the offices of Single & Co., New Broad Street House, 35 New Broad Street, London, EC2, on 24th January 1985 at 11.30 a.m. for the purposes mentioned in Sections 294 and 295 of the Said Act.

Dated this 9th day of January 1985.
By Order of the Board
M. BITAR,
Director.

MONEY MARKETS

A more confident mood in London

The London money market maintained a reasonably calm tone yesterday, as the pound traded around $1.12 for most of the day on the foreign exchanges.

The steadier performance by sterling continued to ease the recent upward pressure on interest rates, and three-month interbank was unchanged at 11⅞-12⅛ per cent, while discount houses buying rate for three-month bank bills declined to 11⅜ per cent from 11⁷⁄₁₆ per cent. A large Public Sector Borrowing Requirement was expected in December. The published rise of £573m was no worse than many forecasts and caused little reaction, particularly after the recent rise in bank base rates.

UK clearing banks' base lending rate 12 per cent since January 14

There was more concern at the apparent scarcity of bills yesterday, which kept day-to-day money firm at 11-12 per cent.

The Bank of England forecast a money market shortage of £650m in the morning, but this was revised to £600m at noon and to £550m in the afternoon. Total help on the day amounted to £526m, mainly through outright purchase of bills at unchanged rates.

The authorities offered an early round of assistance and at that time bought £63m bills outright, by way of £44m bank bills in band 2 (15-33 days maturity) at 11⅞ per cent; £16m bank bills in band 3 (34-63days) at 11⅜ per cent; and £3m bank bills in band 4 (64-91 days) at 11⅜ per cent. Another £183m bills were purchased outright before lunch, through £16m bank bills in band 2 at 11⅞ per cent; £1m bank bills in band 3 at 11⅜ per cent; £3m local authority bills in band 4 at 11⅜ per cent; and £163m bank bills in band 4 at 11⅜ per cent.

In the afternoon £250m bills were bought outright, by way of £172m bank bills in band 1 (up to 14 days) at 11⅞ per cent; £17m bank bills in band 2 at 11⅞ per cent; £3m bank bills in band 3 at 11⅜ per cent; and £58m bank bills in band 4 at 11⅜ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £256m; while Exchequer transactions absorbed £370m; and a rise in the note circulation another £25m. These outweighed bank balances above target by £20m.

MONEY RATES

Jan. 17	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.45-5.58	10⅛	8⅞-5⅛	8⅛-8	6.09375	15⅝-16	2.70	14⅝-14⅞
One month	5.70-5.85	10⅛-10⅜	5⅛-5⅜	6⅛-6¼	6.21875	15⅝-16	10⅛-10⅜	14⅝-14⅞
Two months	5.65-5.80	10⅛-10⅜	—	—	—	—	—	14⅝-14⅞
Three months	5.75-5.90	10⅛-10⅜	5⅛-5⅜	6⅛-6⅜	6.28125	20¾-10⅛	10⅛-10⅜	14⅛-14¾
Six months	5.80-5.95	10⅛-10⅜	—	6-6⅛	—	—	10⅛-10⅜	14⅝-14⅞
Lombard	0.0	—	—	—	—	—	—	—
Intervention	—	10⅛	—	6¾	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

FT LONDON INTERBANK FIXING

(11.00 a.m. January 17)
3 months U.S. dollars

bid 8 5/8	offer 8 1/2

6 months U.S. dollars

bid 8 13/16	offer 8 15/16

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Treasury Bills

Treasury Bonds

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, January 16 1985. The exchange rates listed are middle rates between buying and selling rates as quoted between banks unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of January 16 at 11.00 a.m.
3 months: 8⅞ 6 months: 8⅞

ECU=$US.698029 SDR1=$US.973241
Sibor as of January 16 at 11.00 a.m.
3 months: 8⁷⁄₁₆ 6 months: 8⅞

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.50
Albania	Lek	8.007½
Algeria	Dinar	5.135
Andorra	Fr. Franc	9.7575
	Sp. Peseta	174.95
Angola	Kwanza	29.918
Antigua	E. Caribbean $	2.70
Argentina	New Peso (o)	194.58
Australia	Dollar	1.9194
Austria	Schilling	22.57
Azores	Port. Escudo	123.00
Bahamas	Dollar	1.00
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	9.7578
Guam	U.S. $	1.00
Guatemala	Quetzal (O) (13)	1.00
	Quetzal (h, i)	1.47
Guinea Bissau	Peso	21.060
Guinea Rep	Syli	28.864
Guyana	Dollar (6)	4.12
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
	Lempira (d)	2.65
Hong Kong	Dollar	7.8005
Hungary	Forint	51.198
Paraguay	Guarani (o.c.)	240.00
	Guarani (d)	597.00
Peru	Sol (o)	6157.08
Philippines	Peso	18.785
Pitcairn Is.	N.Z. Dollar	2.1298
Poland	Zloty (O) (O)	188.00
Portugal	Escudo	175.00
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.641
Reunion, Ile de la	Fr. Franc	9.7575
Romania	Leu (O)	4.43
Rwanda	Franc	105.534

INTERNATIONAL CAPITAL MARKETS

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for January 17.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Credit 12⅝ 88	150	102⅛	103⅜	0	+0⅛	11.51
Austria Rep 13⅝ 92	100	109⅝	110⅛	0	−0⅛	11.54
Bank Of Tokyo 12⅝ 92	100	99⅞	100⅜	+0⅛	0	12.59
Bank of Tokyo 13¾ 91	100	106½	107	0	−0⅞	12.02
Caisse Nat Tele 13¾ 91	100	107½	108	0	−0¼	11.81
Canadian Pac 12½ 89	75	103	103½	−0⅛	−0⅝	12.00
Chevron U.S.A. 12⅛ 89	600	101¼	101¾	+0⅛	−0¼	11.78
Creditanstalt 13⅛ 91	100	103⅞	103⅞	0	0	12.23
Denmark Kingdom 13 01	100	104	104½	+0⅛	−0⅛	11.97
Denmark Kingdom 10⅛ 91	100	†104⅜	104⅞	0	−0⅛	12.15
[illegible]						

	Issued	Bid	Offer	Change on day	Change on week	Yield
Weyerhaeuser 12¼ 87	150	101½	102	0	−0⅛	11.42
World Bank 12⅛ 94	150	102⅛	102⅝	+0⅛	−0½	11.81
World Bank 12⅞ 94	200	104⅜	104⅞	0	−0⅜	12.01
Yasuda Tst&Fin 12⅛ 89	100	100¾	101¼	0	−0¼	12.02

Average price change On day 0 on week −0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Allied Chemical 1⅛ 94	125	*101⅝	102⅛	+0⅛	+0⅛	7.19
Amca Int'l 8¼ 01	100	†103¼	104⅛	0	−0¼	7.53
Asian Dev Bank 8 94	200	†102¾	103¾	+0⅛	−0⅛	7.51
Austria Republic 7⅝ 94	200	†102	103	+0⅛	−0⅛	7.24
[illegible]						

YEN STRAIGHTS — [illegible]

OTHER STRAIGHTS — [illegible]

SWISS FRANC STRAIGHTS — [illegible]

FLOATING RATE NOTES — [illegible]

CONVERTIBLE BONDS — [illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

[illegible]

Good reception for BP's $150m return to market

BY MAGGIE URRY IN LONDON

BRITISH PETROLEUM returned to the Eurobond market yesterday, for its first issue since 1986. Its rarity value ensured that this issue, which raises $150m, had a good reception.

BP's last issue, which raised $35m, had a coupon of 6¾ per cent. Times have changed, and this deal, which has a seven-year life, carries a 11⅛ per cent coupon. Even so, the issue yields less than U.S. Treasury notes with the same maturity. Lead manager is S.G. Warburg with Morgan Guaranty as co-lead.

The bonds were bid at 98¾, a discount inside the 1⅞ per cent total fees. The proceeds, which are thought to be needed to finance a specific asset, are expected to be swapped.

The floating rate note market welcomed a $200m 20-year FRN from the French guaranteed CCCE, which finances development aid.

Merrill Lynch fixed the terms at a ⅛ per cent spread above the mean between London interbank bid and offer rates (Limean) for three-month Eurodollar deposits, with front-end fees totalling 57½ basis points. The issue traded above the 99.50 level, making it profitable to co-managers.

CCCE is also calling a $100m FRN issue made two years ago, which pays interest at ⅜ per cent over Limean, showing how much spreads have narrowed since then.

Morgan Guaranty's Hong Kong branch launched a 15-year $75m FRN for the Korean Development Bank. Interest will be paid at ⅜ per cent above six-month Libor, and commissions total 1¼ per cent. Again, the Morgan Guaranty "flip-flop" option is being used. After three years investors can swap the FRN for a three-year FRN paying interest at ⅛ per cent over Libor, and can switch back again. The issue traded inside the total fees.

Yesterday Schroder Wagg launched the $100m Cambrian and General FRN first mooted before Christmas, after legal wrangles had been settled.

C. Itoh, the Japanese trading house, launched a $100m, seven-year issue with a coupon of 10⅞ per cent and par issue price through Yamaichi International. As usual for Japanese borrowers, the bonds are expected to be bought in Japan. The issue traded within the 1⅞ per cent total fees.

Eurodollar bond prices firmed slightly yesterday, with the New York market opening better.

Two issues appeared in the Canadian dollar Eurobond market. Orion Royal Bank launched a C$50m issue for IC Industries, the U.S. railway and consumer products group, which met some resistance. The name is not the best-loved in the market, and some syndicate managers disliked the 100½ issue price. The 10-year bonds have a 12¼ per cent coupon and fees total 2 per cent. They were quoted at a discount just outside the fees.

The other Canadian dollar issue was a C$40m deal for City of Vancouver, a rarer borrower. The bonds have a 10-year life, 11⅞ per cent coupon and par issue price. Lead manager is Crédit Commercial de France. The issue traded well inside the 1⅞ per cent selling concession.

In the D-Mark bond market, the first equity warrant issue of the year was launched, a DM 200m issue for Kobe Steel, guaranteed by Industrial Japan. The bonds have a five-year life, and the indicated yield is 3⅝ per cent. Lead managers are Dresdner Bank and Nomura International.

Dresdner Bank also launched a DM 150m public issue for the Public Power Corporation of Greece. This has an eight-year life, a 7⅞ per cent coupon and 99¾ issue price. The issue traded around the 1⅞ per cent selling concession.

The Bundesbank's decision not to increase interest rates, and the improving New York market helped sentiment in the D-Mark bond market. Prices were up to ½ point better. The next new issue calendar will be set today.

In the Swiss franc bond market, the tender for Sweden's 18-month issue, which has a 4⅞ per cent coupon, attracted bids between 98.1 and 101. The price set by SBC was 99¾, giving a yield of 5.05 per cent and the total issue size was fixed at SwFr 94.8m.

Two private placements appeared. A SwFr 40m issue for Chujitsuya, with a five-year life and indicated 3⅝ per cent yield led by Wirtschafts- und Privatbank; and a SwFr 20m issue with the same indicated terms for Yuken Kogyo led by Banca della Svizzera Italiana. Both have equity warrants.

Swiss Volksbank cut the yield for Topy Industries' SwFr 40m five-year private placement from 3⅞ to 3⅝ per cent. Equity warrants give the right to buy shares at Y247, compared with a Y239 closing share price.

Swiss franc foreign bond trading was moderate with prices ¼ point lower on average.

BHF Bank bond average		
Jan 17		Previous
102.414		102.398
High	1985	Low
103.042		[illegible]

WEEKLY U.S. BOND YIELDS (%)

	Jan 16	Jan 9	1985 High	1985 Low
Composite Corp. AA	12.06	11.97	14.23	12.15
Government:				
Long-term	11.51	11.40	13.69	11.46
Intermediate	11.41	11.38	13.79	11.65
Short-term	10.25	10.25	13.22	10.38
Municipal	—	9.66	11.14	9.99
Industrials AAA	11.62	11.50	13.66	11.70
Industrials AA	12.02	11.88	14.13	12.12
Utilities AA	12.11	12.06	14.45	12.10
Preferred Stocks	11.10	11.11	12.17	11.42

Source: Standard & Poor's

OVER-THE-COUNTER

Continued from Page 30

Stock	Sales (Hnds)	High	Low	Last	Chng
Provin		98	14½	14¼	14⅛ −⅛
PullTm		204	4½	4⅜	4⅜
PurtBn	40	123	17	16½	17 +1
QMS s		656	15	14⅝	14⅞ +
Quadrx		322	5⅛	4⅞	5⅛ +
QuakrC	68	1	25⅛	25⅛	25⅛ −⅛
QualSy		266	3½	3⅛	3⅛
Quantm		838	22½	22	22¼
QuestM		1815	4⅝	4⅛	4⅝

[illegible]

Indices

NEW YORK—DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

New York Active Stocks

[illegible]

TORONTO

[illegible]

* Indices pre-close figure

[illegible]

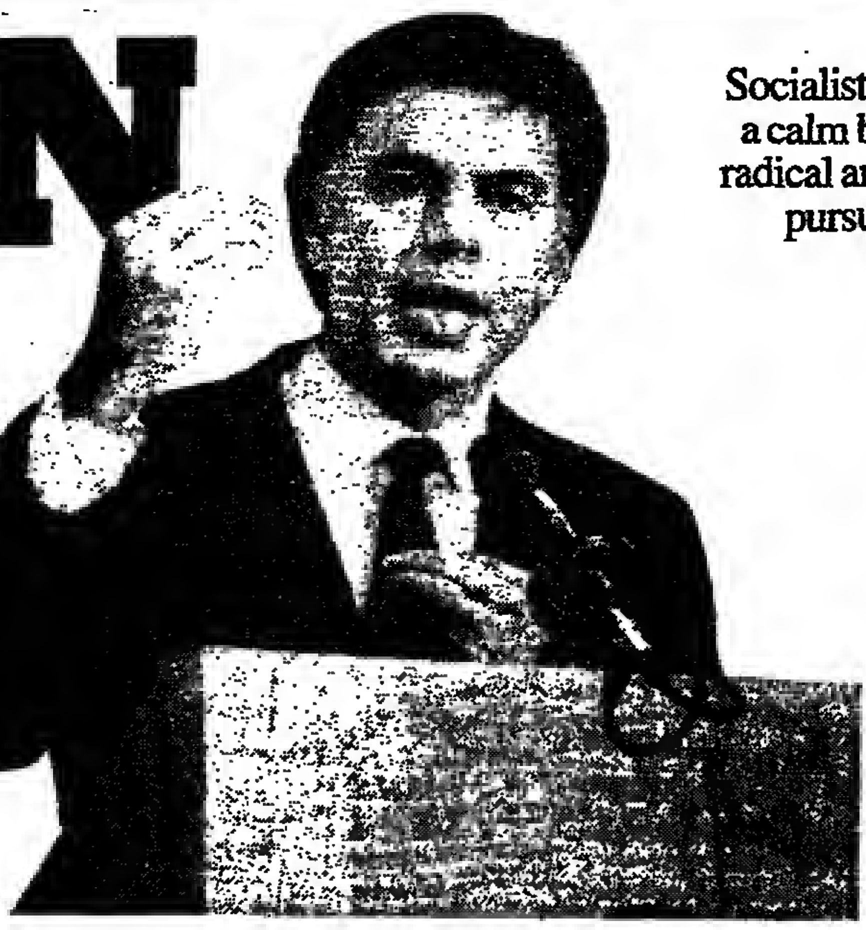
** Saturday January 12: Japan Nikkei-Dow (c). TSE (c).

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. (u) Unavailable.

SECTION IV

FINANCIAL TIMES SURVEY

SPAIN



Socialist leader Felipe Gonzalez is exercising a calm but powerful influence under which radical and often unpopular policies are being pursued to solve economic problems.

Ideology yields to pragmatism

By Robert Graham

THE WEAR and tear of office shows on the face of Sr Felipe Gonzalez. His greying hair also make him look much older than his 42 years.

But two years as Prime Minister of Spain have done nothing to damage his high standing in the opinion polls. *Public support for Sr Gonzalez* and his socialist administration has been constant, even though several key electoral promises have gone ont of the window. In particular, unemployment is rising where the creation of 800,000 new jobs had rashly been forecast and the commitment to take Spain out of Nato looks like being reneged on.

Sr Gonzalaz owes his popuparity to an undented sense of political integrity, his ability to communicate and a confident—though increasingly Olympian—style of leadership.

Spaniards trust him—even if they may not trust the Socialist Party. The Gonzalez mantle of acceptability also extends to the whole cabinet, lessening the impact of opposition on such issues as reform of private education or closure of uneconomic factories.

The greatest achievement of Sr Gonzalez since taking office in December 1982 has been to prove that the Socialist Party (PSOE) can govern resolutely. Today this may sound an almost trite accomplishment, but in the context of the divisions caused by the civil war, *the historic* merory of the left's conduct in power in the 1930s and the socialists' inexperience prior to 1982, it is a very real one.

Socialists are the undisputed masters of the political arena, with a discredited and disunited Communist Party on the left and a series of parties on the right limited by the continued presence *of* Sr Manuel Fraga, the former Franco minister.

At the recent *30th* PSOE congress, the party looked set for many years in office. The *dissident* left, disturbed by the govement's monetarist economic policies and social democrat tone, was skilfully upstaged by Sr Alfonso Guerra, inseparable friend of Sr Gonzalaz and vice premier.

Majority

"Felipe runs a tight ship," commented one minister. Differences within the cabinet rarely surface, so a greater air of dignity surrounds government than it did under the UCD.

Between 1976 and 1982 some 70 ministers held office in what was often no more than musical chairs to offset personal rivalries. Sr Gonzalez has made no cabinet change yet—an almost unprecedented situation which is educating the Press to realise that ministerial differences are not ministerial crisis.

Backed by 10m votes, an overwhelming majority in parliament, and controlling most of the municipalities, the PSOE risks being corrupted by power, according to the party's critics on the right, who see too many socialist supporters being brought into the administration. Such criticisms ignore the fact that *this government has* carried on the first real shake-up *in* the administration since Franco's death in 1975.

Such is the sense of smooth management and absence of effective opposition that the country is being overtaken by a mood of boredom. The feel of excitement created by the PSOE landslide victory and platform of change has disappeared.

But the mood of boredom is merely the previously unknown tranquility of democracy. Spaniards are no longer permanently looking over their shoulders to see whether the military are plotting. Nor are they traumatised by the brutal terrorism of the Basque separatist organisation Eta.

The Government's most tangible achievements have been in the economic field. At the cost of considerable unpopularity within his party, Sr Miguel Boyer, the Economy Minister, has pursued a tough austerity.

Inflation has been brought down close to the European norm. For the first time in more than a decade, Spain should enjoy single digit inflation this year (of 8to 9 per cent). Wages have been kept *below* the rate of inflation.

Sr Boyer has resisted the temptation to begin stimulating recovery too early, even though this is what the socialists' trades union, the UGT, wants to head off discontent among the rank and file.

The Government is tackling the vexed issue of shedding labour in industry where UCD governments avoided doing so for fear of being unable to control ensuing social unrest. The axe has been wielded first against the shipbuilding and steel industries.

Nationalisation

The former is losing more than 40 per cent of its workforce and two of the five largest shipyards. Union reaction has been violent, with sit-ins and regional strikes. But the message is sinking in: sacrifices, long overdue, have to be made to prepare Spanish industry for EEC accession and to restore international competitivity.

It is an eloquent commentary on the evolution of the Socialist Party—historically identified with defeoding workers' rights.

The governmeot is not acting ideologically but pragmatically. For instance, the Rumasa Group of banks and companies was *nationalised* in 1983 to bead off what would have been the biggest financial collapse in Spanish history. To cover the losses the government floated Pts 440bn worth of debt to the banks in July. Now almost 90 per cent of the companies have been re-privatised, even though their former owner Sr Jose Maria Ruiz Mateos, from enforced exile in Germany, is challenging the government's action.

"I am utterly confident of the government's legal position on Rumasa," Sr Boyer says.

Encouraged by the Rumasa experience, the government is also considering hiving off to the private sector some of the activities of the state bolding company INI, beginning with the *data-processing company* Secoinsa.

Even the nationalisation of the high-tension power grid, the only nationalisation measure in the PSOE electoral programme, was not really ideological. According to Sr Carlos Solchaga, the Industry Minister, this was to control electricity pricing and help rationalise the privately-owned utility companies.

More generally Sr Boyer and Sr Solchaga, the two key economic figures, are seeking to end the incestuous relationship that has existed since the early Franco days between the public and private sectors in which risk or loss are largely borne by the state.

Significantly, the government last month refused to give more financial aid to Spain's third biggest bank, Hispano-Americano, to help absorb two industrial banks, until it passed over a dividend. Hispano eventually agreed to do this, risking shareholders' wrath, to clean up its balance sheet.

Though a not unusual event in Britain or the U.S., this has broken new ground in Spain.

The almost Thatcherite market approach is a far cry from the promise to create 800,000 jobs during four years of office. Sr Boyer admits that industry cannot create new jobs.

Unemployment has risen to 2.7m, equivalent to 20 per cent of the workforce. The real figure is considerably less because of people employed in the expanding underground economy.

"The social fabric of Spain could not support such a high rate of unemployment," Sr Boyer says of the official figures.

But the government is caught in the embarrassing position of depending upon the underground economy to generate jobs and being powerless—at least in the medium term—to prevent the official number of jobless *rising so long as growth* hovers around 2.5 to 3 per cent.

The government has some room for manoeuvre, thanks to a spectacular turnround in the external account, with a payments *surplus of $1.6bn last* year. While denying reflationary plans for 1985, the government would like to have this option for 1986, an electoral year when Spain is also due to join the EEC.

There is no sign that the government is electorally vulnerable on unemployment. It is, however, vulnerable on regional policy, as roundly proved last year in the Basque and Catalan parliament elections. In Catalonia the PSOE candidates fared particularly badly at the hands of the Conservative *Nationalists headed by Sr Jordi* Pujol.

Autonomy

The PSOE, like the UCD, has irritated the historic regions by conceding too little autonomy, and complicated the administration of the other regions by giving them unnecessary authority.

The framework of regional autonomy satisfies no one. The absence of a coherent regional policy remains potentially the most destabilising element in Spain and plays into the hands of Eta extremists, who refuse to lay down the gun in spite of secret negotiations.

The turnabout on Nato membership, with Sr Gonzalez telling parliament last autumn he favoured staying in the alliance, threatens the party from within rather than without. Party rank and file want to pull Spain out of Nato and Sr Gonzalez will have to do a lot of explaining if he wishes the referendum, planned for 1986, to go as he wants.

There is no fall-back position if negotiations break down bnt this is something Spaniards dare not contemplate.

After the recent breakthrough in persuading Britain to discuss the sovereignty of Gibraltar, the Spanish Foreign Ministry is in an upbeat mood. *Indeed on the strength* of what has been portrayed as a big success over Gibraltar, delays on EEC accession and a doubtfully popular permanence in Nato could be fudged.

CONTENTS

Pictures: Ashley Ashwood

Rising unemployment the price for monetarist successes

Economy

FOR THE first time in more than a decade Spain is likely to experience single figure inflation in 1985. Although Spanish inflation is still ebove the European average and prices have not come down as fast as projected, the tight monetary policies of Sr Miguel Boyer, the Economy Minister, are having a positive effect.

There has also been an impressive improvement in the terms of trade, thanks to greatly increased exports, accompanied by an unexpected return to surplus on the current account. Reserves have been built up, reducing the need for foreign borrowing.

Meanwhile the flow of foreign investment into the country underscores the confidence of foreign business over the opportunities in Spain following entry into the EEC.

If one adds the positive steps to restructure industry, there is some justice to the Government's claim that the right kind of conditions are being created for Spain's long-awaited recovery.

Optimism over economic policy needs to be qualified, however. The price of Sr Boyer's monetarism and the tough approach to modernising industry is e continuing rise in unemployment.

The tight monetary policies of Sr Miguel Boyer, Economy Minister, are having a positive effect

Uncertainty

Officially, Spain has 2.7m unemployed, equivalent to 20 per cent of the active population. Domestic demand remains depressed and there is no sign of private sector investment confidence, even though interest rates have fallen further than since 1977.

The absence of private sector confidence cannot be blamed on the Government: rather it is e sort of collective uncertainty created by liberalisation and the introduction of valne added tax, which will ecocmpany EEC membership.

The other side of this lack of confidence has been the remarkable growth of the underground economy in the two years of socialist government. In response to higher taxes, greater social security charges and continued rigid labour legislation, the underground economy has burgeoned to worrying proportions, covering not just construction, shoes and textiles but a broad range of services.

Sr Boyer estimates between 600,000 and 800,000 are employed this way. They cushion unemployment and give a different picture to the bald figure of 2.7m jobless. But it is creating a potentially damaging dependence upon the blsck economy, encourages frand and reduces government revenue.

Before taking office in December 1982, the Gonzalez government hoped that after an initial dose of austerity e more expansive policy could be followed. It hoped for e recovery led on the one band by a pick-up in world demand and on the other by greater public spending.

A confident but unwise electoral pledge was made to create 800,000 jobs in the four-year mandate. This meant an annual average growth rate of almost 4 per cent.

Creating the conditions for such a recovery has taken longer and required greater austerity. Growth in 1984 was e maximum of 2.5 per cent against 2 per cent in 1983. The jobs pledge has bad to go by the board.

Yet whatever the political cost o f the failure, in purely economic terms, Sr Boyer and his team deserve credit for their determination in bringing down inflation and limiting wage rses.

Growth in 1984 was mainly export-led. A competitive exchange rate, especially against the dollar, saw exports rise 18 per cent in real terms. There were significant increases in sales both to the EEC and Comecon countries across a wbole range of products.

But the real impect was in trade with the U.S. In the first eight months of last year, Spanish exports increased by 115 per cent in value compered with 41 per cent to the EEC.

Imports were beld down, because of sleckness in oil prices—almost one third of Spain's imports involve energy products.

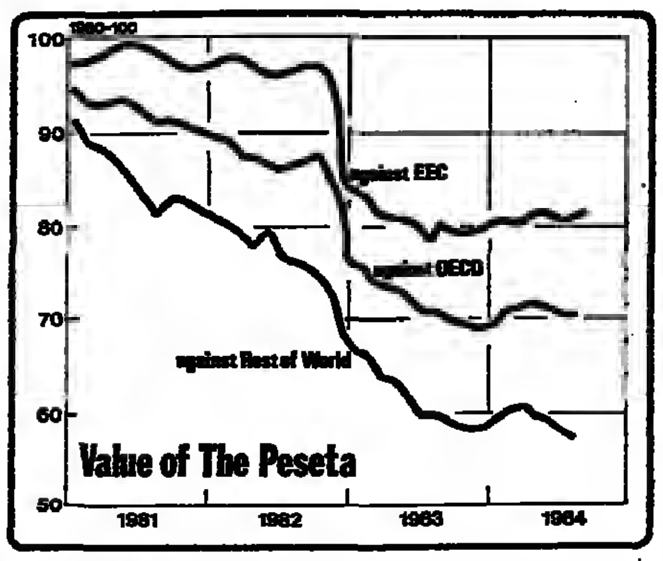
But slow import growth also reflects absence of domestic demand. Consumption fell 0.5 per cent in 1984, overall imports grew 2.5 per cent in real terms and the ratio of exports to imports reached 80 per cent compared with 65 per cent in 1983, halving the trade deficit.

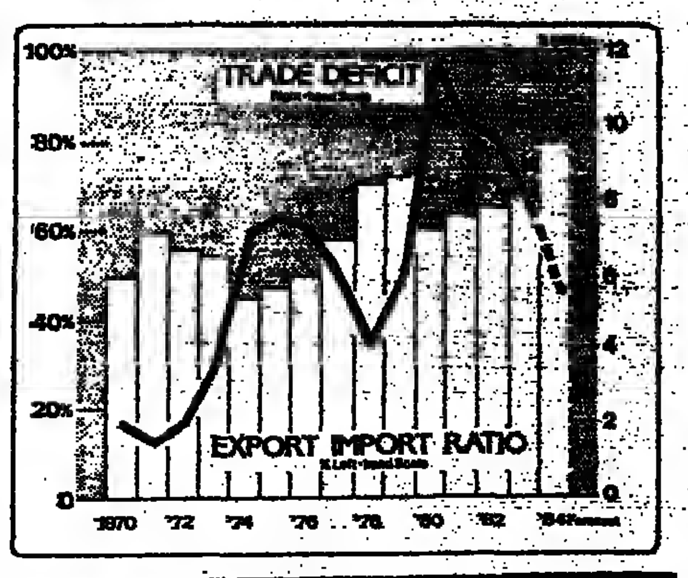
Foreign exchange earnings were given a boost by an exceptional year for tourism. In the first eight months of 1984 tourist receipts rose from \$3.9bn to \$4.5bn, with an encouraging increase in the number of off-peak tourists.

Sr Boyer says the current account will bave achieved e *\$1.7bn surplus in 1984*. This compares with a \$2.3bn deficit in 1983 and is far more substantial than original government projections which estimated a deficit on current account of about \$1bn.

Borrowing

The improved external account bas also boosted reserves more than expected. They have also been swelled by a \$1.6bn inflow of foreign investment — mainly into property, agri-business, the motor industry and the stock market. Sr Boyer expected a net increase in reserves of between \$4.8bn and \$5bn to \$16bn.





With such a strong reserve position, Spain has paid off nearly \$975m worth of loans contracted between 1981 and 1983 — including the 1983 Kingdom of Spain \$750m jumbo. However, the private sector — mainly utilities — bas not stopped borrowing abroad, and Spain'e foreign debt rose in 1984 from \$29bn to \$30.3bn.

The cbange of outside fortunes made it easier for the government to retain eusterity policies. The aim was to bring inflation down from 12 per cent to 8 per cent during 1984, but progress was slow and in July there was an uncomfortable leap in foodstuff prices. Since then, bowever, consumer prices fell 2.3 per cent in four months and by year-end were hovering between 9 and 10 per cent.

It bas taken four years to bring inflation down only six points and the task of making this apparently small reduction sbould not be underestimated. Only in the past three years have wages begum to fal into line with inflation. During this time tax collection has become more effective and fiscal pressure increased.

While wage projections for 1984 were more or less in line, the government bad difficulty pegging the budget deficit to Pta 1,350bn or ebout 5.5 per cent of GDP. Government spending has been beavier than anticipated due to increased outlay on social security and industrial reconstructuring plus the cost of covering losses from the takeover of the Rumasa Group in 1983.

In July the government floated a Pta 440bn, 12-year issue to the banks to cover the losses of the Rumasa Group, which will cost in a full year some Pta 75bn to service.

Meanwhile tax receipts have lagged behind. This is partly expiained by increased tax evasion, but is also because of deductions on exports and lower customs receipts from stagnating imports.

Sr Boyer believes it still possible to bold the public sector deficit down to 5.5 per cent of GDP but non-official estimates suggest the deficit could be as high as 6.8 per cent.

The slightly more expansionary trend of the budget has been *reflected* in the *money* supply. After some mid-year spurts, money supply (M3) bas everaged out at a 13 per cent increase.

The public sector deficit bas been financed largely by treasury bills, instead of the traditional reliance on direct advances to the treasury from the Bank of Spain. The attractiveness of treasury bill yields bas tended to absorb a sizable slice of institutional and privete investment.

Expansionary

This, coupled with a weak demand for private credit, has enabled the authorities to push down interest rates by between three and four points. The interbank rate of about 13 per cent is almost balf that of a year ago.

Prospects for 1985 are better than at any time since the recession started in 1977. It is not unreasonable to expect 3 per cent growth. Company finances improved considerably during 1984 by common consent of both the business sector and the government. Agriculture in the 1984-85 season shows promise, which should keep food prices down.

Though the Government's 1985 budget is marginally more expansionary, civil servants' wages are being held down to 6.5 per cent—a traditional benchmark for wages. The employers' federation and the unions have signed e social contract anticipating a maximum wage increase of 7.5 per cent, one point below inflation.

Balance of Payments (\$m)

	January-August 1984	January-August 1983	Per cent change 1984-83
Trade balance	−3,256	−5,999	−45.7
Services (net)	3,445	2,435	41.5
Tourism	5,116	4,529	13.0
Other	−1,671	−2,094	−20.2
Transfers (net)	609	801	−24.0
Current account	798	−2,763	—

Source: Bank of Spain.

Although the powerful communist-controlled Confederation of Workers' Commissions bas not signed the deal, it will almost certainly be the framework for wage negotiations.

Domestic demand should pick up and industry is expected to rebuild stocks. This will lead to e greater demand for imports, which are projected to increase more than 5 per cent in real terms.

At the same time, export growth will slow as manufacturers switch more to the domestic market and the main export markets—the U.S. and Europe — contract slightly. Exports should grow at 8 per cent, eccording to the economy ministry.

The current account is expected to remain in surplus, further strengthening reserves.

But 3 per cent growth is not going to beve much impact on unemployment, which seems set to rise. Quoting employment in the undergronnd economy, Ministers maintain that the real figure for the jobless is well below the official 2.7m. They also point out that 130,000 agricultural workers on community public works programmes are incInded in these figures.

Nevertheless, Sr Boyer admits that unemployment is rising. The government's industrial restructuring plans involve the loss of 75,000 jobs alone.

Sr Boyer is not looking to industry to create new jobs, but rather to produce more efficiently and from this to generate resources to develop the services sector. Therefore it is going to be crucial for the private sector to become more active.

Of the many complaints voiced since the economy began to liberalise and tackle recession seven years ago, only one still has foundation: the rigidity of labour laws. The Government believes that agreements are at hand with the unions.

Investment

But encouraging investment is easier said than done. The banks were traditionally the main promoters of investment, but they have been hit by the recession and reduced direct portfolio investment drastically.

Now they are grappling with the adjustment to lower profits from falling interest rates—the main casualty being Hispano-Americano, which has announced it will not pay a dividend on its 1984 results.

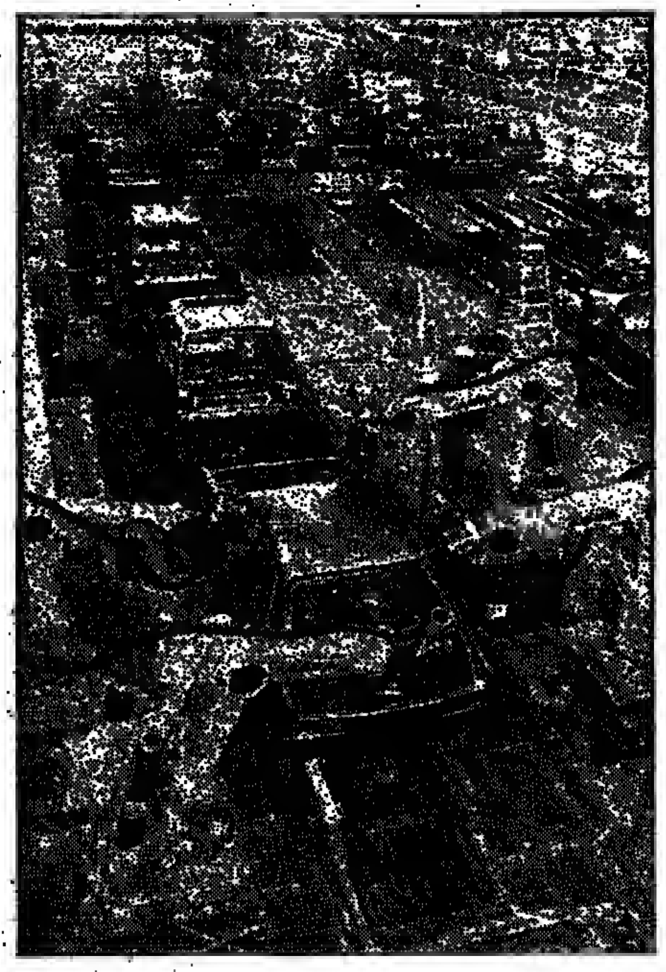
The deeply conservative mood among the banks looks like prevading all business opinion. Meanwhile the field is being left open for foreign capital to move in. Significantly, in the privatisation of the Rumasa Group, all the main assets went to foreign buyers.

Main Spanish Banks (1983)

		(Pta bn)		
	Equity	Latin American loans	Ratio of equity L.A'n loans	1983 pre-tax income
Central	130.1	42.2	32.4	17.07
Hispano	84.0	81.2	96.7	13.59
Balbao	92.2	91.7	99.5	12.90
Santander	93.7	53.0	56.6	13.98
Vizcaya	73.8	n.a.	n.a.	10.98
Popular	53.7	20.6*	38.4	8.98
Banesto	126.5	8.2	6.48	18.07
Average			51.2	

* Loans to high risk countries

Source: IBCA Banking Analysis



Robot welding at the Ford works in Valencia

State controls hinder ability to plan

Banking

THE RUMOURS had been circulating the dining tables of Madrid's banking circles days before Hispano Americano, Spain's third largest bank, announced, on December 6, that it would pay no dividend on its 1984 results.

The unprecedented move shook the investing community. Investors had been beginning to regain their confidence in the banking sector, which had been badly shaken by a serious banking crisis which saw 52 banks disappear from 1978. Hispano's share price fell 16 per cent to Pta 170 the day after the announcement, but there was no run on deposits.

The bank said it needed to strengthen the group's capitalisation, rather than satisfy its shareholders. The 1984 operating profits of more than Pta 25bn were set aside to this end.

In common with the big Spanish banks, Hispano has been involved in rescues of the troubled institutions. In 1982 and 1983 it took over two large industrial banks—Bankunion and Urquijo.

The latter was partly forced on Hispano because of its cross share - relationship with Urquijo. Although new management was introduced and the banks merged into Urquijo-Union, the extent of capital losses inside Urquijo was underestimated.

When interest rates fell unexpectedly last year, Hispano was further affected. Lower interest rates undercut the value of indirect financial aid Hispano received from the Bank of Spain for the Urquijo rescue.

The Bank of Spain was adamant that Hispano pass over the dividend, as the price for further assistance in shouldering the burden of Urquijo-Union. It was a bold move that could have backfired, since failure to pay dividend risked being construed not as sound book-keeping but as the next thing to bankruptcy.

After some initial nervousness, Hispano's action has been properly understood. But it could prompt other banks to pay less attention to their shareholders and more to their balance sheets.

The Bank of Spain has played a crucial role in managing the crisis, and has quietly but firmly imposed a new discipline on the banks, demanding greater financial disclosure and prudence. It described Hispano's decision to pass the dividend as "adequate and responsible."

Auditing changes

All banks are now independently audited. This year the Bank of Spain is going further and asking the banks for full consolidated accounts.

Accounting for pensions is also being taken up seriously. Most banks and companies provide for pensions on a pay-as-you-go cash basis rather than on an accrual format as in the UK.

Central, Viscaya, Popular and Exterior have moved to accrual pension accounting in the last couple of years. The Bank of Spain sent a circular to the banks requesting that all make provisions based on actuarial estimates of their position. Most of the big banks are expected to comply.

Banks have already been forced to increase their bad debt provisions, both for commercial lending and to countries. Exposure in Latin America has been high for some banks in relation to their equity base.

At the end of October, the Bank of Spain issued another circular dividing debtor countries into six categories and outlining the provisions that should be made for each. They ranged from OECD countries where no provision is required to a provision of 20 per cent of total debt to countries where the debt has not been amortised for 24 months, or nine months has passed with no interest paid.

Some of Spain's leading banks

While the Bank of Spain has gradually been tightening its grip on the banks, the Government has also been taking an increasingly interventionist stance. It sees the banks as a key source to finance the fast-growing public deficit. It forces them to direct a proportion of lending to specific public sector targets through "coefficientes" based on the level of deposits of each bank at fixed interest rates — usually below the market rate.

The coefficientes total more than half the banks' total lending and has limited the funds available to the private sector. The banks have for a long time argued for a more flexible interest rate structure and a less onerous level of coefficientes.

The Government is planning legislation on coefficientes including a redefinition of the assessment of banks' contributions, to be based on a valuation of assets rather than deposits. The Hispano move could prove a significant turning point in the relations between the banks and the Government. It is a warning that there is a limit to which the banks can be stretched and that the crisis of the last few years has taken its toll, even of the stronger and sounder banks.

The stick-and-carrot approach of some liberalisation tempered by new forms of control has hindered the banks' ability to plan. At the beginning of 1984 they overestimated the level of the public deficit they expected to have to finance, thus restricting credit to private sector customers.

By the time they realised their unexpected degree of liquidity, the foreign banks, who depend on the interbank market, had entered the market aggressively with new instruments of credit, winning significant corporate business. Foreign banks are expected to report a bumper year in comparison to the Spanish banks, which have seen margins narrow as interest rates fell.

The government in 1978 eased the regulations governing the operation of foreign banks with the intention of encouraging a greater—though still strictly controlled—presence. Foreign banks were the main force behind the creation of a long-term local currency market through the introduction of the Mibor concept (Madrid Interbank Offered Rate). They have developed a wide range of products on the assets and liability side, many of which the Spanish banks have adopted.

Catalysts

The foreign banks have been generally welcomed as catalysts of change, in retail as well as wholesale banking. Barclays in 1981 became the first foreigner to buy a Spanish retail bank in Banco de Vallodolid. It has taken a lead in modernising retail banking and introducing new technology.

More recently, Citibank has burst onto the scene. It acquired Banco de Levante at the end of 1983 and was named Bank of the Year for 1984 by the business magazine Dinero for introducing a new, electronic style of banking into Spain.

Spanish banks are limited in the speed at which they can modernise their systems and bring down operating costs by the Government's strict employment legislation, which ensures high labour costs.

They have overcome serious hurdles in the last five years, but many more still face them. A report on changes in Spanish banking* says that the immediate future looks unhappy and banks will have to be innovative, introducing new services and charging higher fees. They will also have to stay one step ahead of the government in devising new financial instruments, free of coefficients.

**Changes in Spanish Banking, by Jack Revell. Institute of European Finance, University College, Bangor.*

Alison Hogan

Stampede to follow Ford breakthrough

Foreign Investment

FORD, the U.S. car manufacturer, made a breakthrough in opening Spain to foreign investment when it decided in 1974 to make Almusafes, the small town in Valencia, the European manufacturing site for its new small car, the Fiesta.

The prospect of Spain entering the EEC, was a significant factor in its Europe stayed firmly shut until recently, however, and plans have had to be rewritten several times.

Many companies followed Ford into Spain and the pace quickened almost to a stampede in the last year as January 1, 1986, firmed as a date when Spain and Portugal could finally enter the EEC.

Japan has been one of the main countries from outside Europe—after the U.S.—to invest in Spain, seeing it as a springboard into the Community, while avoiding EEC regulations. It has invested about Pta 33bn, more than in any other European country, and employs more than 12,500 people. Japan has more than 250 agreements on technical co-operation with Spain.

A high-powered trade delegation organised by the Japanese Ministry for International Trade and Industry visited Spain last month to assess trading opportunities after the country's investment there rose by 400 per cent in the year to August.

Support

The socialist government of Sr Felipe Gonzalez has frequently expressed support for enterprise and investment, a message which has been accepted more readily by foreign investors than domestic ones. The government has had little option but to encourage overseas interest in the face of sustained disapproval and distrust from Spanish investors who have, in general preferred to let their capital earn interest in the bank rather than risk it.

Most of the big assets of the sprawling Rumasa empire of Sr Jose Maria Ruiz Mateos which was nationalised by the Spanish government, were picked up by overseas buyers. The Hotasa hotel chain went to Sol-Kio with Kuwaiti interests, the Fenix Penisular to the French and Galerias Preciados, the department store chain, to Diego Cisneros, a Venezuelan group.

Spain's olive oil industry almost ended in the hands of the French when Leiseur Cotelle tried to buy the Spanish company Carbonell. Leiseur already holds 49.9 per cent of Koipe and the addition of Carbonell would have given it control of 75 per cent of Spain's olive oil production. The government stopped the sale on the grounds that this was a strategic sector which should not be dominated by foreign interests.

The government authorised 1,460 foreign investments worth Pta 197bn in the year to October, an increase of 82 per cent over the same period last year, or a 64.5 per cent improvement in dollar terms, according to the Ministry of the Economy.

This understates the overall investment figure, as authorisation is required only when a foreign equity stake expected 50 per cent.

Targets

Investment in financial institutions and securities attracted Pta 43bn, nearly 22 per cent of overseas funds; property attracted about 40 per cent, with the rest going into industries including metal refining, precision instruments and hotels.

The motor industry was one of the earliest targets for foreign investment. Renault and Peugeot-Citroen had a presence for years before Ford's benchmark decision to come to Spain.

So large was Ford's proposed investment, however, the government established a category of company of "preferential interest." This restricted sales in Spain to 10 per cent of the market, and called for two-thirds of output to be exported. In return customs duty on imports of parts was reduced from 30 per cent to 5 per cent.

General Motors arrived in November 1982, so 80 per cent of Spain's cars are now manufactured by foreign companies.

More recently, foreign investors have begun to appreciate the potential of Spain's agricultural sector for exports. A Dutch company invested Pta 28bn to cultivate thousands of hectares of produce in the south.

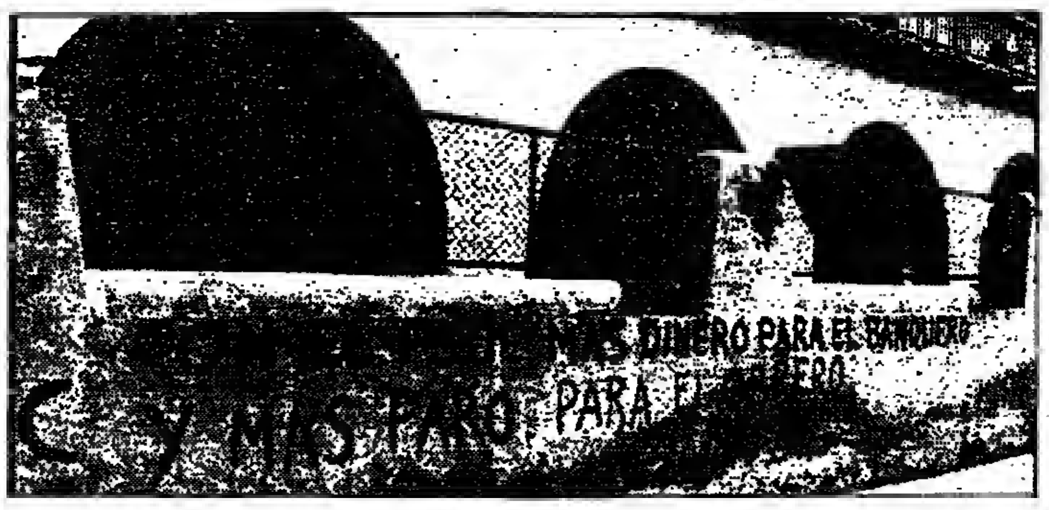
The Electronic sector has attracted some Pta 65bn between 1984-87. For the future, Secoinsa, the state technology company, may be sold to a consortium including Fujitsu, while AT & T is joining Telefonica to build a factory near Madrid manufacture integrated circuits with a staff of about 700.

Motorola is also considering building an integrated circuit plant in Cataluna.

A. H.

Well disciplined Socialists have a finger in every pie

Politics



A graffitist's contribution to the political debate between Prime Minister Felipe Gonzalez (left) and Conservative leader Manuel Fraga Iribarne: "With the PSOE (Socialists) more money for the bankers and unemployment for the workers"

IT MAY sound foreign to other Western European ears but in Spain it is an instantly understood political analogy: The governing socialist party, the Partido Socialista Obrero Espanol (PSOE), is treading the path of Mexico's Partido Revolucionario Institucional (PRI).

The PSOE has become the expression of Spain's post-Franco modernisation and it *monopolises social and political* change. If the PRI is the guardian of the Mexican revolution then the PSOE is the guarantor that democracy exists and can be seen to exist in Spain.

The PSOE, like the Mexican party has a finger in every political pie. Its parliamentary majority in the congress and in the upper chamber, the senate, is unprecedented in Spain's limited experiences of democracy. The socialists also dominate the big cities, Madrid, Barcelona and Valencia and the socialist trade union represents a powerful force in organised labour.

The Spanish political spoils system, meanwhile, has allowed the PSOE to hand out thousands of jobs in the public sector and the administration. The result is a well-disciplined party. Up to 80 per cent of the delegates attending the socialist party congress in December are reckoned to have benefited from PSOE Government patronage.

In addition, through mechanisms such as the "Coeficientes," which tie a percentage of bank funds to compulsory reserve requirements or to state-directed investment, a Spanish government can enjoy considerable leverage over the economy, and the PSOE has certainly not been slow to do so.

Prime Minister Sr Felipe Gonzalez, who has an unquestioned personal grip on the Government, the party and the electorate, does not much like the Mexican analogy and he prefers to talk about the enduring imprint of the social democrat experiences in Sweden. Either way he does take a long-term view for his Government and he speaks of needing 25 years to carry out his programme.

The confidence that Sr Gonzalaz exudes reflects the basic fect of Spanish political life: on present evidence there is next to no chance of the PSOE losing power in the foreseeable future.

Sr Gonzalez won a resounding electoral victory in October 1982 and, up to now, et the midterm stage of his four-year mandate, he has not suffered an appreciable shortfall in his popularity.

Confidential opinion polls, used by the Prime Minister's private office, give e current voting intention in favour of the PSOE of 36 per cent against 13 per cent favouring the opposition conservative party Coalicion Popular led by Sr Manuel Fraga Iribarne.

In the 1982 polls the PSOE won 46 per cent of the electorate (and 202 seats in the 350-member congress) and Coalicion Popular obtained 26 per cent. By Sr Gonzalaz's own reckoning his party would lose between two and three seats should there be a mid-term snap election.

The present approval ratings that so decisively favour the Government come in spite of electorally unpopular economic policies in general and despite the Government's inability so far to stem the rise in unemployment in particular. The popularity of the PSOE and of Sr Gonzalez—Spanish politics are even more personalised than in most places and the party and its leader ere inextricably intertwined—has been sustained et a time when there is least to show in terms of political success and voter appeal.

Current thinking in the socialist party leadership is that the Government should serve its full term through to the Autmn of 1986.

By then the Government will have what Sr Gonzalez's aides like to call a "winning ticket." By early 1986 there should be clear signs of economic recovery and the Government will, according to present timing, be basking in the triumphant afterglow of having secured entry into the European Economic Community.

By waiting through to 1986 Sr Gonzalez will also be able to use a significant psychological weapon; his will have been the first government to have served out its full mandate since General Franco died and free elections and parliamentary democracy was restored to Spain. Stability has a potent appeal for the Spanish voter.

A key element in the optimistic electoral thinking in the Prime Minister's circle is the belief that Sr Fraga, the Coalicion Popular leader, does not offer a credible opposition to Sr Gonzalez. While Sr Fraga continues to be the electoral alternative to Sr *Gonzalez, the socialists believe* they will retain their hold on the centre of the political spectrum and thus assure themselves of a continued voter majority.

Sr Fraga, 62 years old, is both an asset and a handicap for Spanish conservativism. He is an asset because he is the most unifying political figure on the right. Among that eector Sr Fraga is called "el jefe," the chief, and his leadership is unquestioned.

Security

But he is e handicap in as far as his vehement personality (considered necessary to control the right) as well as his political record as e member of General Franco'e government's alienate the vital centrist and middle ground voter.

Although Sr Fraga has worked hard to adapt himself to changed political realities the image of him as an authoritarian identified with an authoritarian past still sticks.

Spain is demographically a young country and the 35 to 45 years age group forms the nation's leadership in politics as much as in business. The average age of Sr Gonzalez's cabinet is 44. The telling drawback for Sr Fraga is that he is 20 years Sr Gonzalez's senior. The argument of experience versus youth is no longer effective after the POSE's two years in office.

In contrast to the comfortable security felt by Sr Gonzalez, 1984 has been a dismal political year for Sr Fraga. Coalicion Popular has failed to make any inroads on the socialists and in general when people have told pollsters that things have not been better under the socialists they also say that they would probably be worse under Coalicion Popular. Sr Gonzalez's popularity has dipped slightly but that of Sr Fraga has been sliding further.

The unknown factor in Spanish politics from new until the end of the Socialist Government's mandate revolves around the Non-Socialist Opposition's search for new faces and new strategies that might close the gap on Sr Gonzalez.

The Catalan politician Sr Miguel Roca Junyent is a relatively new face and the Partido Reformista Democratico that he helped launch in November is a possible new strategy.

A total of 2,600 delegates attended with *much fanfare* the party'e inaugural convention in Madrid and applauded rapturously as Sr Roca said that they, as "liberal progressives," would carve out a rightful electoral space for themselves between Sr Gonzalez and Sr Fraga

Sr Roca has first rate credentials for political success in contemporary Spain. He is a moderate with a sound anti-Francoist background. He is a skilled debater and a good public speaker and he belongs to the right age group. Unfortunately for him his political career has been associated so far with the Catalan nationalist party, Convergencia i Unio. This makes it difficult for him to stride the national political stage.

The Partido Reformista Democratico has still to be tested at the polls but already it looks like the resurrected rump of the old centrist party, Union de Centro Democratico (UCD), which completely collapsed in the 1982 election after being the governing party for five eventful post-Franco years.

To make things more difficult Sr Adolfo Suarez, the charismatic Prime Minister during the key transition years who now heads his own tiny centrist party, has made it perfectly clear he wants nothing to do with Sr Roca and his political friends.

Peculiarities

On its own ground, in this year's Catalan regional elections, Sr Roca's Convergencia i Unio Party resoundingly beat the socialists. The Basque nationalists did so too in their elections. In fact Catalonia and Euskadi, the Basque country, are together with the north western region of Galicia (Sr Fraga's home area), the only significant places where the socialists are not omnipresent.

But nothing indicates that the Catalan peculiarities, or those of Euskadi and Galicia for that matter, can be translated into national political alliances.

As things stand the alternative to Sr Gonzalez ought to come from within the ranks of Sr Fraga's own party. One story the Prime Minister relishes telling, and which he claims is a true one, concerns a group of prominent Madrid bankers and businessmen who, in an after dinner conservation, discussed at length who should be the new leader of Coalicion Popular.

Names were proposed, debated and rejected. Finally, one of those present drew the discussion to an end with the remark, "The person we are looking for is still studying at school." It was another way of saying that the PSOE/PRI was going to be around for some time to come.

Tom Burns

Special links prove embarassing

Latin America

Fidel Castro chose Spain as the first West European country to visit as Cuban head of state

TWO TOP Latin American VIP's visited Spain last year, Fidel Castro, the Cuban leader, turned up unexpectedly, while travelling back to Havanna from Moscow. President Raul Alfonsin of Argentina arrived for a carefully stage-managed official visit.

Both underlined Spanish links with Latin America and both were, because of this, slightly embarrassing.

The "special links" factor meant that Mr Castro chose Spain as the first Western European country he visited as head of state. In a bantering tone at an airport press conference, Mr Castro talked about all the unites Spain and Latin America and how he wanted to visit the land of his forefathers, the norwestern region ef Galigia.

Sr Alfonsin was also making his first trip as president to Western Europe when he arrived in Madrid in September. At one reception after another the Argentine leader talked of the "mother country" and about "Hispanidad" (Hispanic culture), showing in a close and *extensive knowledge* of Spanish literature.

After a week in Spain, he finished his trip in Galicia, also the land of his forefathers.

Troubles

The two visits were embarrassing for different reasons. What the Spanish press called "Fidel's abrazo" of Prime Minister Sr Felipe Gonzalez (the Hispanic embrace and the Soviet bear hug are very similar) was, with all its ebullience, politically cumbersome for the Spanish premier.

When Spain lost a key aircraft sales contract to the U.S. weeks later, the Conservative opposition made opportune political capital by blaming "Fidel's abrazo."

Sr Alfonsin could have chosen to visit Paris or Rome on his first outing, or might have visited the two as well as Madrid. But he chose Spain to make his pitch for international support in his troubles with debt renegotiation.

The embarrassment was that for all the special Hispanic links Sr Gonzalez's Spain was not prepared to champion Mr Castro nor to break ranks with the international financial community to do Sr Alfonsin a favour. The Argentine leader also sought Spanish loans and had to be politely told that Madrid had little to offer.

"*Our problem is that we* cannot begin to satisfy the expectations that Latin Americans have about us," says a senior executive at the Instituto de Co-operacion Iberoamericana, the Government agency responsible for managing special links.

"*We are asked to provide* credits, to hand out scholarships, to send experts and we can only give a tenth of what is wanted."

Latin American demands on Spain have increased because as Sr Inocencio Arias, deputy chairman of the agency, puts it: "Spain is in fashion over there." King Juan Carlos, former Prime Minister Adolfo Suarez and the current Premier Gonzalez have all succeeded in touching a chord that has made them popular public figures from Colombia to Argentina.

The Contadora initiative for peace in Central America has, meanwhile, been enthusiastically backed by the Madrid Government and by Sr Gonzalez in particular.

The success of cultural *initiatives organised* by the agency, whether visiting professors er Spanish film weeks, have reflected the fashion and the growing Latin American interest in political lessons that Spain might offer. Funds hav been set aside to send Spanish politicians and political commentators to take part in panel discussions on Spain's transition to democracy.

Many of the explanations, devoted principally to comparing developments in Argentina and Nruguay, were scarcely applicable. The Spanish message that dictatorship bygones should be forgotten is harder to digest in Buenos Aires than it was in post-Franco Madrid.

Expectations

Common experiences may have helped to create a potential new framework for special links, as well as projecting the reputations of the leading actors in the Spanish transition process; but there has been little practical translation ofthe restalting goodwill.

The problem for Sr Arias and the agency executives is *not only that limited funds* — currently about \$10m a year — make it hard to satisfy expectations. There is the more delicate question that concerns a shift in Spanish interest away from Latin America and towards Europe. "Hispanidad" now comes second to Europeanism.

The Spanish endorsement of the Contadora process is thus not an example of ...Madrid going it alone as the standard bearer of consensus interests. On the contrary, the Spanish Government has made it clear that any mediation it might offer would be in unison with other European nations and, essentially, *together with France.*

Similarly Sr Alfonsin learnt that the most he could hope from Spain was that Argentina's debt problems would be sympathetically viewed by Spanish officials when they were discussed by European finance ministers.

M. Castro, for his part, received the message that comments on Spain's membership of Nato would be unwelcome.

The European shift has prompted talk of Spain playing a role when it gains entry to the EEC almost like a guarantor of Latin American interest. This would mix what is officially termed Spain's twin Hispanic and European vocation.

Such plans of capitalising on the high standing that Spain enjoys in Latin America may, however, be misplaced paternalism.

It was a salutary experience for Spainiards to learn that their main department store, Galerias Preciados, a household name in Spanish retailing, was bought in December by a Venezuelan holding and that the other main bidder fo rthe stock was a Colombian group. In any case, such talk risks putting the Latin American horse before the European cart.

T. B.

Tom Burns on the problems of nationalist divisions

Bold bridge-building an urgent priority

Basques and Catalans

THE 1983-84 Spanish first division football championship was won by Athletic Bilbao and the 1984-85 season has Barcelona as runaway league leaders. Soccer aficionados say that the once dominant Real Madrid is on a definitive backburner.

Madrid political analysts who like to mix football with their reporting—an awkward parliamentary question is invariably an "opposition goal"—say the fortunes of the capital's premier team at the mercy of Bilbao and Barcelona mirror those of the central government facing Basque and Catalan nationalism.

Regional elections last year in the two so-called historic autonomous communities of Euzcadi—the Basque country—and Catalonia consolidated the power of the Basque and of Catalan nationalist parties. Last year also saw anti-Madrid demonstrations in Bilbao and Barcelona that underlined the cleavages with the rest of Spain.

Socialist government officials say that n priority this year will be to build bridges with Euzcadi and Catalonia. Tha more conciliatory members of the Madrid administration say the starting point is a recognition that both areas constitute special cases within the framework of the "estado de autonomias," the quasi-federal post-Franco system that has parcelled Spain into 17 autonomous communities.

What both Euzcadi and Catalonia share—and what differentiates them from the rest—is n sense of ethnic, linguistic and cultural unity as well developed local economies. Galicia, in the north-west, which is technically also an historic community, has the linguistic and cultural elements but it is impoverished. Basque and Catalans have a clear perception that they form "nations." Galicians do not.

The main anti-Madrid demonstrations were prompted by very different causes. The causes alone serve to illustrate that the problems posed to the central government by Euzcadi and Satalonia are different, while sharing the common denominator of nationalism.

The protests in Bilbao followed the murder of an extreme Basque nationalist politician. The demonstrators lona were to protest at Madrid's decision to press bank fraud charges against the head of the Catalan home-rule government, the Generalitat. There is a continuing terrorist problem in the Basque country spearheaded by the separatist group Eta. But there is no urban guerrilla equivalent in Catalonia, where separatist movements have never made much headway.

Murdering

The containment of Basque terrorism has been a success claimed last year by Sr Felipe Gonzalez's government: unprecedented co-operation with Paris has signalled the potential end to Eta's safe-havens in south-west France and lead to extraditions to Spain of gunmen. Police counteraction hs been considerably more effective and the Government's policy of offering pardons to "repentant" Eta members has shown some success.

A final factor—perhaps more important than all three pre-previous ones together—has been the oppearance of a shadowy Right-wing death squad, that with deadly accuracy has set about murdering Eta members in France. The Government has strongly denied any connection, bnt in the Basque country the extended belief is that the killers are at the very least supplied with first-hand information by Madrid'a intelligence services.

The dimensions of the Eta/Basque problem were, however, sharply outlined by the emotive recation in Bilbao to the November assassination—probsbly by the death squsd—of Sr Santiago Brouard, a leader of the extreme nationalist coalition Herri Batasuna that acts as Eta's political front.

That killing prompted the Basque nationalists to close ranks against Madrid. Euzcadi was paralysed by a general strike and Eta struck back by shooting an army general.

Anti-Madrid sentiment in Catalonia does not have violence attached to it but the divide is just as big. When the public prosecutor connected Sr Jordi Pujol, who heads Catalonia's Generalitat government, with bank froud, Barcelona staged a big protest against what was seen as n central government attempt to discredit the nationalist leader.

The indictment came soon after a comfortable walkover in the Catalan regional elections by Sr Pujol's party, Covergencia I Unio, at the expense of the Socialist Party. What was seen in Madrid as a judicial investigation into the collapse of a banking group founded by Sr Pujol was viewed in Barcelona as a clinical political machination to avenge the electoral defeat.

Government ministers in Madrid were appalled that a due legal process could be so dismissed and misinterpreted by Catalan opinion. Independent observers reckoned that the Madrid administration had committed s big political mistake by allowing the prosecutor to press charges.

The real lesson was that while Eta terorism may grab the beadlines and highlight Basqne nationalism, the age-old Catalan question lies close to the surface.

The ocialists had in February fared somewhat better in the Basque country's regional polls, compared with the electoral bumiliation they suffered in Catalonia. Bnt they nonetheless failed to prevent the Basque Nationalist Party from emerging once more as the majority gronp in the area.

The combined Basqoe nationalist vote, ranging from the comparative moderates of the Nstionalist Party to the Herri Batasuna extremists, accounted for two-thirds of the seats in the 75-member Basque parliament.

It is the prospect of entrenched nationalist power in Euzcadi and in Catalonia that has brought members of the Madrid government round discussing the merits of a "special case" approach to the two historic communities.

What at root rankles Basque and Catalan nationalists is that the constitutional ceiling on decentralisation is common to all the antonomous communities. As one senior member of the cabinet puts it "The Basqnes would be satisfied with less home rule as long as what they had was more than what others were allowed."

The "special case" approach is, nevertheless, fraught with difficulties. To relegate other antonomous communities to o second-class status is politically explosive and would in any case require constitutional amendments that are, at present out of the question. Policy planners in Madrid talk of carefully judged gestures to reassure nationalist sentiment.

Moderate

In the Basque country, the need for bold bridge-building is urgent. It is made more difficult by a power struggle within the majority Basque Nationalist Party between the leader of the Basque governmeot and the Basqoe government and the chairman of the party that carried on for the better part of 1984. Madrid officials complain thot they do not know where real power in the party lies.

Once the dust settles on the Basque Nationalist Party squabbles, the next step is for the moderate nationalist constituency and the Madrid government to face the issue of independist terrorism together. Mistrust between the two has meant that an overall policy of "isolating the gunmen" has never been properly tried.

Moderate Basque nationalists stress that political as opposed to police solution are needed to pacify the Basque country and Prime Minister Selipe Gonzalez has a habit of impatiently saying: "Nobody spells out what the political moves should be."

The real proble mis that there has been all too little direct contact between the Basque and the Madrid government.

Defusing tension in Catalonia also involves closer ties between central and regional government leaders. Had there been that the political gaffe o fhaving Generalitat president Pujol indicted would have been avoided. As far as regional policy is concerned, second in urgeocy to the Basque problem is the need to repair what the Spanish press has come to call the "Pujol error."

A shopper crossing the border from Spain into Gibraltar

Patient wait for the Rock to ripen and fall

Gibraltar

GEN FRANCO liked to say that Gibraltar would fall into Spain's lap like a "ripe fruit." He then proceeded to seal the rock's frontier in 1969 to press Spain's sovereignty claims, and the freeze in cross border relations forestalled any fruit picking.

Madrid officials admit that the siege on Gibraltar was a colossal mistake. But times have moved on: Spain is no longer Franquista and the economic grass is greener on the Spanish side of the fence.

The border is to be reopened and it is back to waiting for the fruit.

Sr Jose Joaquin Puig de la Bellacasa, Spain's ambassador in London, has had a print of Gibraltar that from time immemorial graced the ambassadorial office in Belgrave Square, replaced by an etching of a tortoise. Sr Puig de la Bellacasa, an experienced and skilled diplomat, also has a bronze tortoise on his desk. The print and the paperweight help to remind the ambassador that patience is the name of the game when stakes concern Britain's colony.

In November Sr Fernando Moran, Spain's Foreign Minister, and Sir Geoffrey Howe, his British counterpart, arrived at an agreement that will permit negotiations on the Gibraltar dispute to start again after 15 years of stalemate.

Sovereignty

The Brussels declaration, signed by the two ministers while they were attending a Common Market enlargement meeting, says that three things will happen by February 15.

- There will be reciprocal rights for Spaniards on the rock and for Gibraltarians in Spain.
- All border restrictions will be lifted.
- Negotiations will be started to solve all the differences over Gibraltar. This section included the vital sentence for Spain: "Both sides agree that, within the framework of this process, questions of sovereignty will be discussed."

As far as Spanish diplomacy was concerned, the tortoise had started to move and the fruit had a chance of ripening.

The Brussels agreement was the implementation of the Lisbon declaration, signed in the Portuguese capital in April 1980 by Lord Carrington and Sr Marcelino Oreja, the then foreign ministers. Hopes that the border restrictions would be lifted in June of that year—in the same way as the Brussels agreement gives the February 1985 date—were soon dashed.

Sr Oreja was unable to sell the declaration to Spanish public opinioo four years ago, principally because the magic word "sovereignty" did not appear in the Lisbon document. The agreement also foundered because the issue of reciprocal residential and employment rights for Spaniards on the rock was left vague.

The following year the South Atlantic war pnt paid to a renewed effort to implement the agreement.

The Spanish side thinks the Brussels agreement is n distinct improvement: sovereignty is mentioned and reciprocal rights appear within the framework of Spain'a future membership of tho Common Market.

Indeed, it was the impending European Community entry which forced the paeo of the Brussels agreement. Both sides have made concessions over restrictions and reciprocity which they would bave bad to make as European partners.

Reopening the border is also no longer the shock development it would bave been four years ago. Restrictions were partly tifted in December 1982 by Sr Moran when the Socialist government took office. Gibraltarian residents and Spanish nationals are allowed to cross the frontier on foot but goods purchased on the rock may not enler Spain.

While the changed circumstances and the new political climale augur well for tho next stage of the agreement, there are still bumps ahead which could keep the dispute smouldering through this year.

The Brussels document states, as the Lisbon one did, that Britain will "honour the wishes of the people of Gibraltar" in future talks. There is no doubt as to the "British we are and British we stay" feeling on the Rock, which has increased during the siege.

Sr Moran says that if Gibraltar were "handed to him on a plate against the wishes of the people of Gibraltar," be would not want it. Madrid officials stress that the return of sovereignty is o long-term process. Public opinion in Spain could, hewever, be more impatient and less tolerant.

Referendum

The Brussels document skates over the vexed issue of Gibraltar airport by stating that Spain promises to take "early actions necessary to allow safe and effective air communications." The problem is tho competitton that Gibraltar poses to Malaga airport.

There is also the question of the Gibraltar military base. In welcoming the agreement Sir Geoffrey Howe put the cart before the horse, in the Spanish view, by stressing that there would be broad co-operation "as befits Nato allies." Tha Spanish Government is pledged to hold a referendum on Nsto membership and Spain has banned nnclear weapons.

There are other problems, too, over the impact of Gibraltarian commerce—the Rock was a smuggling centre up to the sealing of the border—and the fact that Spaniards bave been led to hope for jobs on Gibraltar which ore non-existent. A potentially far greater problem is raised by the future of the Spanish enclaves of Ceuta and Melilla on Morocco's Mediterranean coast.

Spain will bave to move slowly if it bopes to win the hearts and minds of the Gibraltarians but it would in any case be best for Madrid to remember the ripe fruit and the tortoise if only because the closer it gets to regaining sovereignty over Gibraltar the closer it comes to losing its bold over the enclaves.

Tom Burns

The government is tackling overmanning, **Robert Graham** reports

Stepping in where others feared

Industry

THE Government of Sr Felipe Gonzalez has been willing to court the unpopularity of the trades unions in order to tackle one of the fundamental problems in modernising Spanisb industry—overmanning.

The Socialists bave stepped in where their UCD (Union de Centro Democratico) predecessors feared to tread. So far the Government has been concentrating on the rationalisation of two strategie sectors—steel and shipbuilding. Already there is clear proof of its resolve to bring these industries into line with the rest of Europe, even at the cost of bitter conflicts over redundancies and plant closures.

The Socialist Government'a approaeh is in marked contrast to that of its predecessors. Ministers in charge of industry under the UCD appeared to be overwbelmed by coming to terms with the recession that hit Spain from 1977 onwarda. Valuable time was wasted in drawing up plans which invariably did too little too late without any clear overall strategy — especially regarding the role of the publie sector.

Ironically for a centrist government which sought to promote a more market-orientated economy, the UCD greatly increased tbe size of the public sector by absorbing some of the beaviest loss-makers in the private sector. Today almost half the loss-making companies controlled by INI, the state bolding company, were acquired after 1975. INI's losses, which each year are promised to decline but never do, are running at Pta 160bn ($1.04bo).

There were two main faults in previous policy. Sbarp cuts in manpower were considered politically unacceptable and therefore avoided. Although there was truth behind this fear, it tended to be an excuse for inertia. And stemming form this fear of creating redundancies, the thrust of policy was less towards improving productivity and rationalisation and much more concentrated on financial palliatives—accorded all the easier because few believed the recession would drag on.

Except for the textile industry, there is remarkably little to sbow for the Pta 170bn paid out between 1978 wben industrial restructuring began and the end of the UCD government in 1982.

For instance, both the restructuring plans for integrated steel and special steels had to be altered between 1980 and 1982. Now the socialist government has revamped UCD'a sbipbuilding plan, and its integrated steel plan.

Modifications have been made appliance restructuring plans inherited. In every case the Socialists bave wielded the redundancy axe more ruthlessly.

It is also perhaps an eloqnent commentary on changing times that while UCD never once talked seriously of privatisation the socialists are unashamedly doing so. Selling companies to the private sector is seen as an effective means of cutting public spending.

Part and parcel of this philosophy is a willingness to close uneconomic companies — this has already been done in the case of an INI owned ball bearings company.

Rescue

An instructive example of the ebange in approach that has occurred during the past decade to the problems of industrial modernisation is the ship building industry. In the early 70s Spain was the third biggest ship builder in the world. Yet by the late 70s a combination of a slump in world demand (especially oil tankers' and soaring production costs forced the industry into the red.

The two main ship building companies, Astano and Aesa, were fully taken over by INI as a preliminary rescue operation but it took almost four years for a sector plan to be approved. Tbe 1981 plan, which envisaged o cut of 18 per cent in tbe workforces of Astano and Aesa, was never followed through. Besides the job cuts were through early retirement and no attempt was made to rationalise the yards themselves.

Under the lates plan, announced in June 1984, five sbip yards are covered with a total workforce of 44,896. This will be cut 4³ per cent — virtually all within the first six months of the plan's operation.

Meanwbile the number of yards is being reduced to three. The streamlining involves job cuts at El Ferrol, whieh has one of the country's oldest ship building traditions. Astano's El Ferrol yard will lose 3,400 jobs, equivalent to 60 per cent of the labour force.

Attempts to implement the plan have met with violent protests in those areas directly affected — Bilbao, Cadiz and El Ferrol. Bnt the Industry minister Sr Carlos Solebaga says the plans will not be ebanged.

"I think people now nnderstand the prineiple of what we are trying to do. It's just that no one wants it to directly affect them," comments Sr Solebaga.

Likely losses for Astano and Aesa for 1984 are Pta 50bn. The Government argues that any further delay in tackling the modernisation of these companies prejudices the industry's survival.

However, the ship building industry has not been the test-bed of the Gonzalez Government's intentions. This was reserved for the steel industry — and more particularly the fate of the integrated steel company, Altos Hornos de Mediterraneo (AHM), at Sagunto near, Valencia.

Overly optimistic projections of consumption in the early seventies resulted in considerable overcapacity. Previous rationalisation plans concentrated on the purely financial aspects of the steel industry's problems—restructuring debt, increasing capital and in the case of AHM, a state takeover from the parent company, Altos Hornos de Vizcaya (AHV).

The AHM takeover left INI owing an integrated steel complex on the Mediterranean which the private sector no longer wanted. All the state-owned facilities, owned by Ensidesa, were in Asturias.

The only bope of eonverting loss making AHM into a profitable concern involved the construction of a bot rolling mill. But if this were to be done it not only threatened to upset the EEC, already eoncerned by Spanish over capacity, but it also depressed the industrial north of Spain. The Valencia region has weathered the recession far better than in the north because of the presence of many small light industries and rich agriculture.

The Government decided to elose two blast furnaees at Sagunto, ignore new direct investment in the plant and cut 2,000 jobs. The decision, announced in early 1983, took more than impose on a resentful workforce.

Although two thirds of the 9,200 job losses will occur in Ensidesa and AHV, the scaling down of Sagunto bas been mnch greater proportionately.

"The Government had the courage to say that heavy industry has no business being in Valencia," commented a leading Madrid businessman.

The sweetener for Sagunto is the promise of a special industrial zone with tax breaks for new companies, and a government commitment to create 1,200 jobs.

Competing

Overall steel capecity (including special ateels) is going to be little affected by the restructuring. Production la around 13m tons with domestic consumption olmost steady for the past four yeors at 8m tons. However, a total of Pta 525bn has been set aside for the steel Industry. Although the biggest slice goes lo Ensidesa, the private sector is obtaining considerable aid, confirming that the Government is happy to have mixed control of this sector.

Sooner rather than later the Government may well have to face the continued logic of Ensidesa and AHV side by side, in theory competing against each other, with the letter receiving special state aid and having to co-ordinate investment plans with the Government yet remaining private. As for special steels the Government is still hampered by its predecessor's policy of rebuilding the individnal loss-making companies rather than merging them.

An additional complication in rationalising the steel industry has been regional sensitivties. Any move to lessen the significance of AHV would be seen aa stripping industry from the Basque Country in favour of Asturias. In the same way the Basque Goevrnment has lobbied hard for the survival of special steel companies in the region simply to protect local industry rather tban a national idea of Spain's industrial needs.

Regional sensitivties ere also a powerful factor behind the Government's attitude towards the fate of the state owned coal company, Hunosa.

Hunosa is subsidised to the tune of Pta 30bn a year and employs 20,000 people, essentially in Asturias. Indeed, Asturias basically derives its industrial employment from Ensidesa and Hunosa.

Hnnosa needs a radical shake-up. Much of the coal mined la of low calorifie content and more expensive than imports. But for the moment the annual Hunosa subsidy is considered as a politically sacrosanct regional handout.

Hunosa is not included in the Government's list of companies and sectors that can benefit from its two laws, of November 1983 and July 1984, that cover industrial restructing. Apart from the strategic sectors of steel and shipbuilding the list covers—domestic appliances and textiles, electrical components, copper processing, capital equipment and three specific companles: Femsa-Robert Bosch, Standard-ITT end ERT.

On 1983 prices the Ministry of Industry estimates the collective needs of all the latter through 1990 will be Pta 548bn in ne winvestment, Pta 585bn for financial reorganisation and Pta 89bn to cover redundancies.

Benefits

These figures include the establishment of emergency re-industrialisation zones (ZURS) in the worst affected areas like Bilbao, the Bay of Cadiz and Asturias, which will have special fiscal treatment to encourage new industry.

The Government wants to avoid areas becoming dependent on one industry. However, these figures do not inclnde provision for the possible effects of accession to the EEC. Nor do they cover a number of industries and companies which would also like the benefits of the Industrial Reconversion Law.

For instance in August the pulp and paper manufacturers applied for state backing for a restructuring plan involving an injection of Pta 110bn. Moreover, to realise the full burden on the Exchequer of modernising Spanish industry it is important to mention the individual cases like the car producer, Seat, or the state railways, Renfe.

In 1985 the Government will be pumping in another Pta 55bn, without any firm hope that Seat can establish itself without its former partner Fiat, or that Volkswagen will go beyond its agreement to let its models be made at Seat plants.

Faced with this huge burden of expenditure, it is not surprising to find this Socialist Government talking of privatisation.

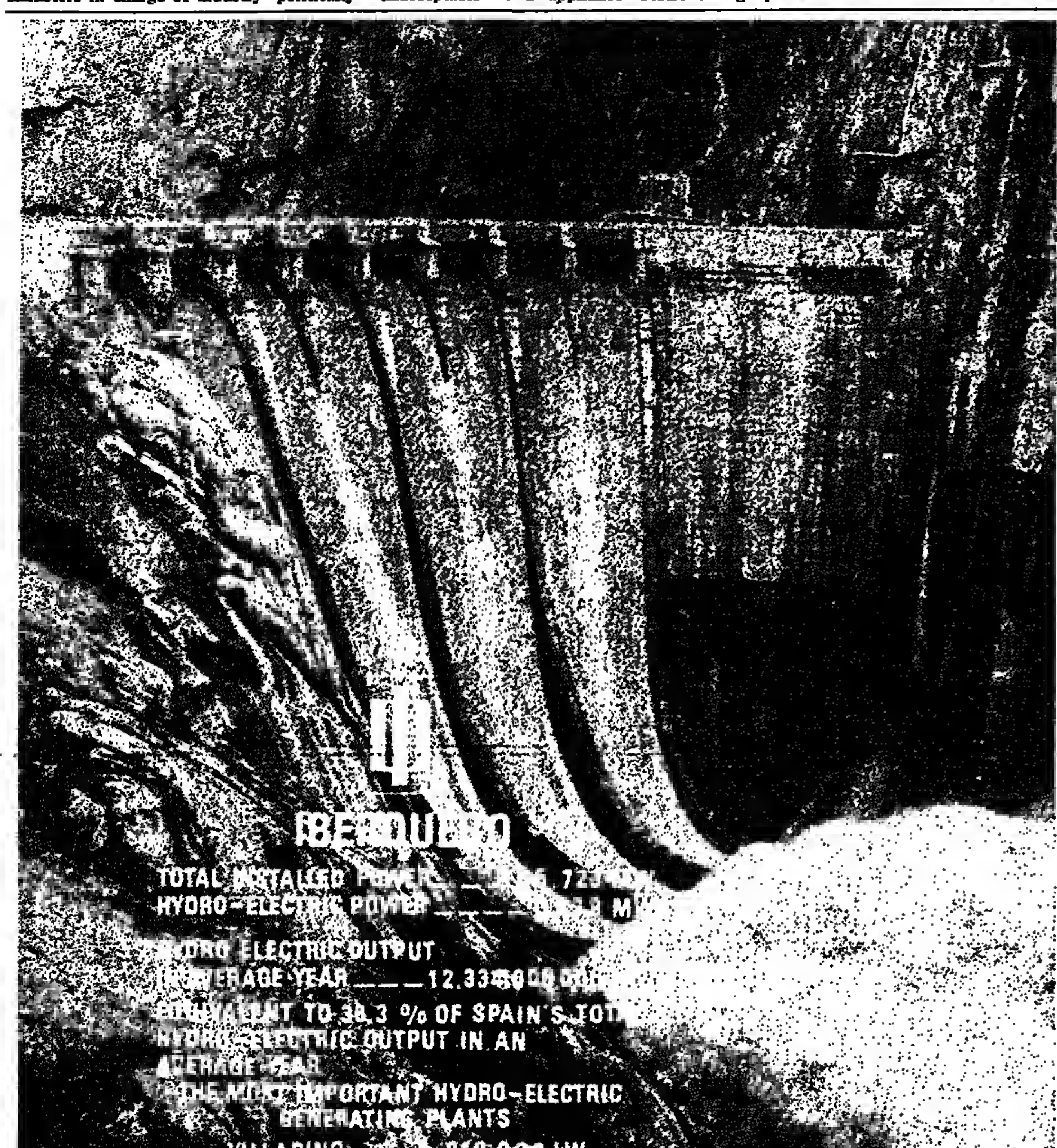
Sr Carlos Solchaga, Industry and Energy Minister

Redundancies in Industrial Reorganisation

	Original workforce	Cuts by end 1984	Total cuts	%
Strategic sectors	116,075	36,136	44,975	38
Shipbuilding	44,896	19,669	19,962	43
Integrated steel	43,026	10,105	17,090	39
Special steels	13,744	4,356	5,413	39
Ordinary steel	14,409	2,112	2,612	18
Sector plans adapted	114,631	13,370	17,753	15
Domestic appliances (white goods)	23,491	8,256	10,091	43
Textiles	91,140	5,114	7,668	8
Specific companies	25,401	1,817	4,501	18
Femsa-Robert Bosch	6,720	1,125	1,220	18
Standard-ITT	18,681	692	3,181	17
Former sector plans to complete	41,495	3,082	4,557	11
Electronic components	3,179	125	133	4
Copper transformation	4,281	713	987	23
Heavy presses	1,010	40	45	4
Shoes	32,926	2,311	3,705	11
TOTAL	297,882	55,021	72,102	24†

† Average

Source: Ministry of Industry



Gonzalez seeks backing for change of heart

Nato

SR FELIPE GONZALEZ, the Spanish Prime Minister, does not suffer from insomnia, according to his wife. Bnt some sleepless nights could come in the next 12 months, as he tries to persuade Spaniards to vote in a referendum in favour of Nato.

No political leader in the West has dared hold a plebiscite on such an issue and the Spanish leader's credentials for bringing people round to the alliance are et best dnbious.

Probably the largest rally Sr Gonzalez ever ettended was against Nato. It drew half o million people in Madrid in November 1981, just over e year before be was to sweep te power in general elections. Sr Gonzalez, then the foremost opponent of the Centre Party government's decision to join the alliance, was the speaker who wound up the meeting.

Polls

Spain duly jained Nato the following summer and before the elections six months later, Sr Gonzalez pledged that he would put continned membership to a referendum. In October, during a parliamentary debate, he set a referendum date—January or February 1986—and said he now favoured staying in the alliance.

Polls show that Spaniards who want to leave outnumber those fevouring the alliance by at least two to one. The task of persuasion that Sr Gonzalez has ahead is enormous.

He has failed to explain why he changed his mind abont membership, as pointed out at en anti-Nato rally attended by tens of thousands in Madrid at the beginning of this month.

The Prime Minister's change of heart came within weeks of gaining office. A member of Sr Gonzalez's cabinet confided: "We found it was far easier to join Nato than it was to leave."

One of the new Prime Minister's first foreign policy moves was to freeze negotiations over Spain's contribntion to the alliance. But there was no further talk about pulling out. Sr Gonzalez said there would be no immediate referendum beeause of persisting East-West tensions, and Washington noted approvingly that he endorsed Nato's missile deployment.

Right up to the parliamentary debate in October, Sr Gonzalez kept the public guessing abont the date of the referendum and remained ambiguous abont where he stood on the issue. Officially it was said that Spain was drawing np a national defence policy and that until this was done, the government would not commit itself further on Nato.

The approaching last lap of Common Market entry talks meant, however, that the questions hanging over the alliance had to be faced. West German and Italian leaders, in talks with Sr Gonzalez and his cabinet, made it clear that there could be no question of simultaneously negotiating to join Europe economically while preparing to leave it militarily.

Sr Gonzalez was not above using Nato as a bargaining counter for the EEC talks but it would appear that the same tectic was used against him with perhaps e greater effect. In advance of the conclusion of EEC enlargement, Sr Genzalez had to come out pnblicly in favour of the alliance.

The timing of the referendum is indicative of the link. The much vaunted and magical date for EEC entry is January 1986. By staging the referendnm on Nato within that same month or in February at the latest, Sr Gonzalez bopes to capitalise on the Enropean sentiment.

In theory the plebiscite could involve a question on the lines of: "Do you endorse the Government's policy of contribnting actively to the economic unity of Europe and to its collective security?" One of the main demands of the anti-Nato lobby is for a clear question: "Should Spain be a member of Nato?"

There are other gambits that the Prime Minister may nse; the recent breakthrough on Gibraltar is a key one. Gradually next year the message will be put out that arrangements could be worked out within the Nato framework for Anglo-Spanish use of the rock's base. The alliance thus appears as a positive ally in the national quest to regain sovereignty over Gibraltar.

Anti-Nato demonstrators in Madrid with a caricature of President Reagan

Non-starter

A more subtle one is an attempt by Sr Gonzalez to maximise support in parliament for his pro-alliance stand. The Communist Party is a non-starter in this ploy but the Prime Minister's team believes that Coalicion Popular, the conservative opposition, together with the moderate Basqne and Catalan Nationalist parties can hardly refuse to help win Spaniards over.

The parliamentary consensus gambit has clear advantages for Sr Gonzalez. The vote in favour of Nato would be demanded not just by him but by parliament as a whole. If the plebiscite backfires then all would be equally affected and would help pick up the pieces.

Opposition leaders are not, however, anxious to help Sr Gonzalez over a problem of his own making. Their stand is that there should be no referendum. Coalicion Popular also opposes Sr Gonzalez's suggestion thet Spain should not form part of the Nato military command and urges, instead, forging greater links with the alliance.

A final argument Sr Gonzalez intends to use concerns the alternative to Nato. Neutralism is ruled out and so the only fallback would be to increase bilateral defence links with Washington. The argument runs that a multilateral alliance is preferable.

Significantly in the October parliamentary statement the Prime Minister, while saying he favoured Nato, also added that he would like to see a reduction in U.S. military facilities in Spain.

Tom Burns

Spain 7

Tom Burns reports how the Socialists are promoting a free market

Pact brings industrial peace

Labour

FOR THE first time since 1978 there was no national wages agreement last year between unions and employers and strikes were the order of tha day for the first months of 1984.

The signing in October of the Economic and Social Agreement (AES) by the government, employers and Union General De Trabajadores the socialist trada union, was therefore greeted by fanfares befitting a breakthrough.

The main strength of the agreement is that it will be in operation to 1986, extending wage planning to two years. But it is much more than a pact on salaries. It covers government commitments over expenditure and fiscal measures as well as over employment policy. It also sets up union-employer committees with briefs to make wide-ranging recommendations on labour and social security legislation.

The chief weakness is that Comisiones Obreras, the communist trade union, refused to sign it. A second failing is that there was no agreement over the most vexed part of the negotiations: the issue of dismissals was set aside for committee discussion.

The employers' confederation and the UGT trade union were brought to the negotiating table afetr the debilitating experience of successive strikes that resulted from the failure to agree on a wage band for last year. The most anxious party behind the pact, however, was the government.

Economic reasons apart, tha government was keen for political motives to ensure a degree of industrial harmony in the run-up to general elections scheduled for the second half of next year.

Such were the differences between employers and unions — Comisiones Obreras had in the meantime, walked out of talks — that it took the full weight of the employment ministry and the prestige of Prime Minister Felipe Gonzalez to have the agreement signed and delivered. The government's decision to stay on the sidelines during previous negotiations to establish last year's labour guidelines was instrumental in their failure, and the administration could not afford a repeat.

The Government had no direct part in negotiations over the wage bands for the next two years, which were agreed by the employers confederation and the UGT. But the Government directive pegging public sector salaries below the consumer price index was the key to the final deal. Public sector employees received a 6.5 per cent everage wage rise this month.

Under the AES agreement, wage increases for 1985 will be between 5.5 per cent and 7.5 per cent (inflation at the end of 1984 was an expected 9 per cent) and the band for 1986 will be 90 per cent and 107 per cent of the targeted 6 per cent inflation rate.

The salary agreement showed that moderate increases had become the norm. As in previous agreements, companies showing losses are excused from following the guidelines.

Employers gained more than the commitment to salary restraint. The Government undertook to increase its revenues through to 1986 through better tax administration and increased action against fraud. There would be no increase in sales tax or in rates and bases for personal income tax.

Controversy

Further carrots for the employers were a 0.3 per cent cut in social security tax and a 10 per cent cut in work accident insurance premiums.

The real inducement for tha emplnyers was, however, the promise of changes in Spain's rigid rulings on hiring and firing. Such was the controversy raised over this that in the end tha employers had to be satisfied with having the matter referred to committee discussions—no small victory.

The AES was billed not just as an economic agreement but as a social one. For the union side, the outstanding preoccupation was—and continues to be—unemployment. The government accordingly promised to extend unemployment benefits to cover at least 43 per cent of the registered jobless by the end of this year and 48 per cent by the end of 1986.

Linked to the AES was a government commitment to implement a Pta 50bn public investment programme, while a separate Pta 30bn was earmarked by a programme directed by the National Employment Institute to create up to 190,000 jobs.

A further Pta 60bn, financed equally by the government, employers and unions, was put aside to establish a "solidarity fund" that will principally be used for retraining.

Such provisions were just sufficient to allow UGT to highlight the positive elements in the agreement. The socialist union could claim it had done all it could to alleviate unemployment and that it had shown responsibility by entering agreements in a way the rival Comisiones Ohreras, for its part, put its efforts into discrediting the AES. But the real target of the union's barbs was the UGT.

The Spanish labour movement is characterised by its weakness—only 18 per cent of the active working population is unionised—and the intense rivalry between UGT and Comisiones Obreras. The two unions are roughly on a par, with Comisiones baving an edge in public enterprises and UGT slightly ahead in the private ones.

Sr Marcelino Camacho, veteran leader of Comisiones Ohreras, who is a member of the Communist Party's central committee and legendary union leader in the Franco period, accused the socialist government and its trada union arm of surrendering "historic working-class conquests," by entering into the AES. The tripartite agreement abandoned the "conquests" of security of employment and protection against dismissals, he said.

Prime Minister Felipe Gonzalez was stung into bitter counter-attack. He accused Sr Camacho of "tampering with the truth" and manipulating public opinion at the behest of the Communist Party. And be flatly denied that the agreement enshrined instant dismissal.

The Prime Minister informed Sr Camacho in a lengthy personal telegram: "You know perfectly well that I would never consent [to such an agreement] either as a former Labour lawyer or as head of a [Socialist] government."

The dismissals issue will be the main Labour development next year. The terms of reference nf the committee discussing the hiring and firing rulings is to adapt Spain's legislation to that of EEC members. This would mean new rulings on renewable short-term contracts and elimination of mandatory permission from the labour ministry to dismiss workers.

The latter means that compensation has to be agreed between a company and the unions before notifying the ministry, and it makes dismissals in Spain considerably more expensive than elsewhere in the EEC.

Wary

The committee has to recommend new guidelines by the end of March, and relaxation of the rigid system will be capitalised on by Comisiones Obreras. As far as the employers' confederation is concerned, domestic business investment will not pick up unless there is a relaxation.

Taking this same argument, the government has insisted that an easing of the system will reduce unemployment. Companies with less than 20 employees, who account for the lion's share of the labour market, are wary at present to take on new employees.

An irony is that the "historic conquests" which Sr Camacho and the Comisiones Obreras are determined to protect were hand-onts by Franquismo, which legislated secure employment hnt kept down labour costs. The severely repressed working class movement at the time was in no state to "conqner" anything.

An irony, too, is that it has taken a Socialist government to pusb Spain towards free market practices. In two years of Socialist government there has been no noticeable increase in trade union muscle.

Tight timetable for EEC accession

Agriculture

CHRISTMAS could not have come at a worse time for Spain. Jst as the EEC's council of foreign ministers appeared ready to tackle the most controversial dossiers on Spanish accession to the Community, they packed their bags for a break.

Nevertheless, Madrid was tantalisingly close to e comprehensive deal. The main questions that remain centre on whether the two last serious hurdles, agriculture and fisheries, can be resolved and whether Greece can be persuaded to lift its threatened veto, which concerns an internal EEC argument outside Spain's control.

The timetable is alarmingly tight. To achieve the January, 1986, target accession date a treaty must be signed by both parties soon after the Community's March summit. That will leave less than nine months for the EEC member states to pass ratifying legislation through their national parliaments—a process which is usually regarded as taking at least 10 months.

Forced growing of peppers on the Mediterranean coast

The general view in Brussels is unusually bright, however. Where there is a political will there is a way, officials say. Enlargement of the Community *must* happen in 1986, because this yeer is the only period expected to be free of the disruption of national general elections and because other political considerations, such as Spain's continued membership of Neto, hang in the balance.

The Ten have stated publicly on several occasions that eventual Spanish and Portuguese accession is inevitable—a symbolically significant move given France's continued hesitation even as late as last spring.

But EEC historical inevitablilities have a tendency to be as vulnerable to unpredictable political forces.

The Greek veto, which centres on its demands for a substantial package of regional elds under the Integrated Mediterranean Programme (IMPs), had first been mentioned last March and again at the Fontainebleau summit in June. But not until the heads of government meeting in Dublin last month did the other member states recognise Mr Andreas Papandreou was in deadly earnest.

Failure to settle a compromise on the IMPs qnestion at the next summit in March could scupper a January 1 enlargement, and both sides appear a long way apart. Greece is dug-in on e minimum figure of Ecu 5bn (£3bn) over the six-year period. Most other member states—led by the UK, Germany and the Netherlands —believe even Ecu 1bn is excessive.

Furthermore, as the 1985 budget is already less than outstanding commitments—leaving aside the European parliament's rejection of it—no funds are available.

In these circumstances, the Cassandras at the Commission are already saying the deadline for accession is unattainable. M Gaston Thorn, the outgoing president, said that January 1 was now impossible because of the Greek reserve.

However, the Community can be capable of miracles if a problem is sufficiently pressing and most observers are still hedging their bets. To speed the process, the foreign ministers agreed last month to begin the lengthy drafting process of the new treaty immedistely, allowing each chapter to be filled in as agreements are reached.

The ministers also agreed the first big breakthrough wlth Spain nn complex questions over customs union. These include a seven-year integration for industrial products, specific deals on reduced-duty access to the Spanisb market for EEC car manufacturers and quotas on Spanish steel sales to the Community.

The overall tariff agreement will bring Spanish tariffs down by 22.5 per cent in the first year and by 52.5 per cent after the first three years.

Institutional arrangements giving Spain two Commissioners in Brussels, 60 members of the parliament and 21 members on the Economic and Social Committee have also been approved.

This leaves agriculture and fisheries—bly far the trickiest dossiers—as the main hurdles left to clesr.

For the Ten's fragile common fishing policy (CFP), the biggest worry is Spain's 17,000-strong fleet. This is already working well below capacity and anxious to win back access to EEC waters lost when 20-mile limits were introduced in 1977.

Restructuring

Spain is determined thet the number of its vessels ellowed to fish in the Bay of Biscay and the crucial 'box" off Ireland's west coast should be substantially increased. The licensing system gives about 300 trawlers limited access and the negotiation look likely to centre on the extent to which this may be increased.

But here again there is e problem of timing. The EC has settled on a demand that tha status quo will continue for at least 10 years after accession —and possibly as much as 15 years if new negotiations fail to revise the CFP to both sides' satisfaction.

Madrid insists this is "totally unacceptable," dropping hints that 10 years would be a maximum and that nnly is substantial restructuring funds were made available.

The farm talks most concern the exceptions to a general transition rule freezing the status quo for four years, followed by six years of gradual convergence.

Though Madrid looks set to accept this, it is anxious that its potentially highly-lucrative exports of fruit and vegetables —in particular citrus fruit—should be allowed quicker free-entry and, at the very least, the favourable terms offered to third countries such as Morocco and Israel.

It is also dissatisfied with EEC proposals to let the Ten have immediate free access to the Spanish market for surplus products such as grain, dairy, meat and sugar. Madrid bas designeted 27 domestic farm products "sensitive" and has described as inadequate a Community offer to introduce protective measures when sectors are seen to be hit.

The urgency of the negotiations, however, may unlock deals where less crucial talks would be checked.

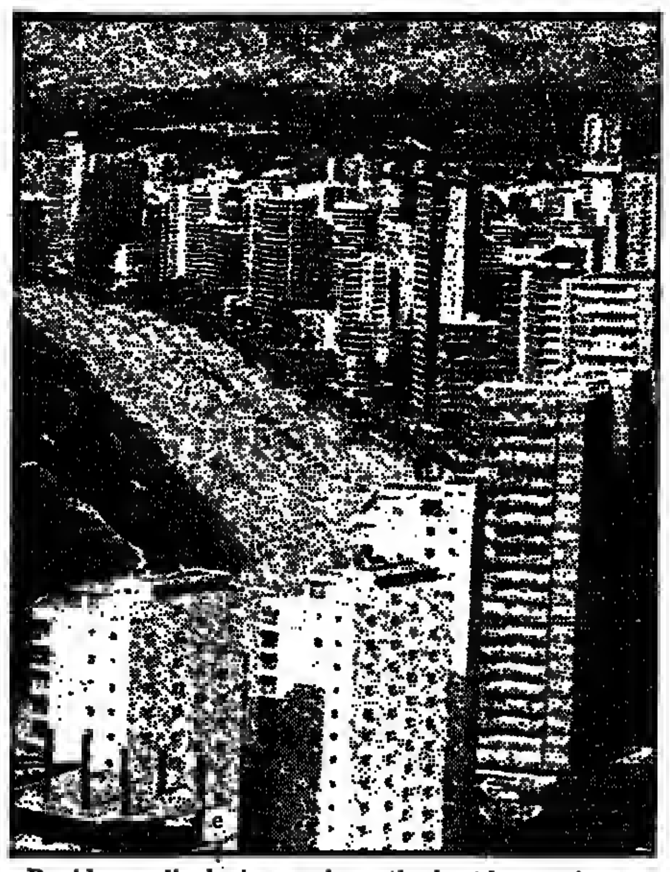
The long-term consequences for Spanish farming of Community membershp are hsrd to guage as the impact of the Iberlan countries demands on the alreedy vastly overhudget CAP is already forcing through decisions to rein-in spending on Mediterranean products.

For those products in surplus —wine and olive oil, for example—the EEC is changing the rules even as the negotiations are underway, though thelr remains widespread scepticism in Brussels as to whether new efforts to restrain costs can be made to stick.

Membership will certainly he a boon to the orenge growers of Valencia. But then they are already thriving when seen alongside the small dairy farmer in Galicia—set to take e hammering when a tidal wave of French milk comes pouring over the Pyrennees.

It is an irony that has not escaped observers in Brussels that access to the Community's farm treasure chest—one of the principel benefits of EEC membership—will be discussed by foreign ministers es their agricultural minister colleagues work out in an ajoining room bow to fit a padlock.

Ivo Dawnay



Benidorm, displaying perhaps the best-known image of Spanish holidays

And now for something completely different . . .

Tourism

"EVERYTHING is different" is Spain's message to tourists in 1985. Delicate pen drawings of ancient forts are replacing brash advertisements. "Snn, sea and sangria," the order of the 1970s, will he firmly replaced with culture, castles and good cooking.

Spain's tourist authority, the Instituto Espanol de Turismo (IET), wants to coax the thousands of annual tourists away from the over-crowded beaches of the Costa del Sol and make them spend more.

The country attracts about 9 per cent of international tonrists and many return year after year. The tonrist industry earned some $7.5bn last year and employed abont 9 per cent of the active population.

Each tourist spends on average of $196 in Spain compared with a worldwide average of $333.

Many drive from, or through France and Germany, cars piled high with provisions, and camp for the summer in one of the vast pine-covered sites along the coast near Barcelona.

Others may fly to Majorca on package holidays, and lounge by hotel poolsides for the duration of the vacation, with perbaps one day-trip to a gaint mountain village to bny souvenirs.

Most favour the high season summer months, though the climate in many areas remains pleasantly warm for most of the year. The IET wants to change the habits of visitors, to entice them to new paces they have never heard of and pass their time in other ways than cultivating a tan.

Sr Ignaclo Fuejo, secretary-general of tourism, said there had already been some success. The number of tourists outside the high season is growing. More than 3m arrived in April last year, an increase of 17 per cent, while the number in August dropped by 5.4 per cent.

Overall, the number of visitors np to October rose by 4 per cent to 38.5m.

They also appear to he spending more: tourism income for the year to last October increased by 24.9 per cent. Although this includes some benefit from the weak peseta, it also indicates more being spent by each visitor.

Tourism increased by 15.7 per cent from the U.S. and 11.6 per cent from Canada, and Spain is hoping to build on this next year by adding flights to different places in North America, plus marketing more package tours.

"The U.S. is an immense market, of which our share is still very small," said Sr Fuejo.

The country bad considerable success building np its winter sports in the Pyrenees and Grenada, "though we can never compete with the top ski resorts of Europe for reliability of conditions," Sr Fuejo said.

More important is the drive to bring visitors to places they have never heard of and awaken them to the variety of culture and scenery in Spain. The tourist anthority emphasises the ancient forts and castles and more than 3,000 fiestas held throughout the year.

The government provides incentives for investment in new hotels and the refurbishment of existing ones. It is undertaking some modernisation of its own loss-making chain of "paradors"—state-run hotels in converted castle and old houses.

Sailing and watersports are other sources of revenue which Spain hopes to exploit by improving ports and increasing moorings.

Liberal real estate regulations have encouraged considerable foreign inve tment in holiday homes, time-share apartments and villas particularly in the sonth west around Marbella.

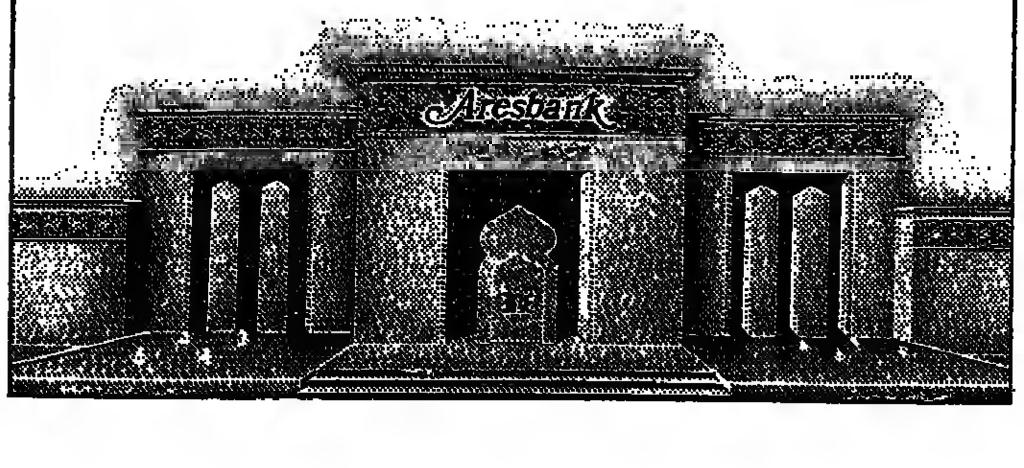
Although the disposable income of many property owners is high, Spain is not happy to encourage the image of the "Costa del Crime," created by the presence of wanted criminals protected from extradition.

The gap between Spain's strategy for tourism and reality is still immense. The peseta's value against many currencies and the marketing campaign of the IET is slowly awakening more people to the variety of holidays available in Spain.

To be successful, however, large capital expenditure is required to build new hotels and roads to open the heartland of Spain. The concentration of Spain's population and economic resources in certain areas around Madrid and the north-west, makes such expenditure harder to justify on more general economic criteria.

Alison Hogan

Transport with a difference; camel comfort in the Canaries



A.B.E. 15.100

Robert Graham on plans which include big cuts in nuclear capacity

One more try at rationalising sector

Energy

ARMED with a new energy plan, Spain's Minister of Industry Sr Carlos Solchaga, is attempting a definitive rationalisation of this key sector.

This is a task that five of his predecessors emharked upon and all left only partially solved.

The emphasis of earlier plans in the wake of the 1973 oil price rises was to lessen the dependence of Spain on imported energy and to set in motion practical measures for industry to conserve energy.

In broad terms these limited aims have either been achieved or are in the process of being achieved. By acelerating the construction of conventional coal fired power stations, improving hydro capacity, pressing ahead with the switch to noclear generation and eocouraging big industrial users like the cement industry to convert from fuel oil, Spain has sushtaotially lessened its dependence on imported energy. From being 28 per cent self sufficient in energy in 1980 the percentage is now

However, these earlier plans—formalised in the 1979 national energy plan—failed to address seriously the role of nuclear energy and projected overly optimistic figures for electricity consumption.

Just as important, the basic structure of the utility companies, the nature of their markets and financial health were ignored. This was largely because no minister dared meddle with the privately controlled "electricas" who were responsible for 80 per centof elecerticity suppltes in the country.

These companies have traditionally heen a central pillar of the Spanish economy, closely linked to the hig banks through share ownership and board membership.

Pledges

Part of the Gonzalez Government's electorl programme was the nationalisation of the high tension grid network as a means of exercising greater control over the industry. The Government was also pledged to re-examine the nuctear programme, both in deference to ecological concern and as a result of a genuine belief that too many such power stations were on the books for Spain's requirements.

The Government has been consistent with these pledges, although the high tension grid has not been strictly "nationaltsed." A joint company has been formed to run the grid network in which the state has 51 per cent control.

Sr Solchaga considers this is sufficient control to monitor pricing and a more rational distribution of power supplies. Certainly prior to this move, the Government had a very incomplete view of the industry since the two state utilities, Endesa and Enher, were fundamentally power suppliers, not distributors. They had virtually no share in the grid.

Part and parcel of the grid agreement signed with the main private companies—Iberduero, Hidrola, Fecsa, Sevillana, and Union Electrica-Fenosa—was an undertaking not to nationalisa any further.

But fears of nationalisation of the companies themselves has little hasis in reality, simply because the Government lacks the resources to carry out such a measure. The priority for the Government, according to Sr Solchaga, is imnroving the financial health of the companles.

The ministry last year cvarried out an independent audit of the companies. While the audit's contents have never heen published, it is understood to have confirmed what had been widely suspected—a few companies were in a relatively strong position hut others were financially weak as a result of the gradual process of decapitalisation over the past eight years.

In particular some companies had continned to pay out high dividends even though a heavy extra hurden had been placed on their balance-sheets by higher interest rates and the increase in the value of the dollar. (The ntilities are the higgest single block of foreign private borrowers, accounting for almost $12bn of the $15bn private foreign debt.)

The financial structure of the utilities should have been examined mucb earlier since serious distortions have crept in as a result of the oil price rises of 1973 and 1979.

The companies are roughly hased on a regional division of production and distribution.

They differ sharply on their sources of primary energy supplies. Those companies like Iberduero (which has huge hydro capacity and in a good rainfall year can produce almost 70 per cent of its electricity), have proved in a far stronger position than those heavily dependent npon fuel oil, like Sevillana.

Besides, those companies who diversified heavily to nuclear have suffered from higher costs of foreign borrowing given the size of the investment in nuclear plants.

The true financial picture of the companies has been concealed, however, because of a complex system of compensation that assures unified tariffs throughout the country. The compensations have acted as a form of subsidy to the weaker companies. It was precisely to control this system that prompted the Government to move into the high tension grid.

Once the Government knew the state of the utilities it was then possihle to proceed with a reappraisal of the 1979 energy plan.

This was announced in March 1984 and the most striking feature was a sharp cut in nuclear capacity, even though the 1979 plan itself had almost halved the number of projected nuclear installations.

Write off

The new plan has cut five nuclear plants and removed 5,000 MW. This will reduce installed nuclear capacity by 1992 to 7,500 MW. At present Spain has six nuclear plants working, with another four being built.

The cut in nuclear capacity, if fully carried out, involves the write-offs of investments totalling almost Pta 600bn ($3.9bn). The biggest write off will be at Lemoniz near Bibao where Iberduero's twin 1,000 MW reactors are nearly complete. Iberduero's latest estimate is that the write-off will cost Pta 300bn.

The other main write-off expenditure will be at the Valdecaballeros twin 1,000 MW plant in Extremadura. The reactors are 80 per cent and 50 per cent complete respectively. Little work has been done on Trillo's second plant also halted.

There has been a certain amount of deliberate vagueness about whether work will ever resume to complete these plants. The plan projects an annual average increase in electricity consumption of 3.3 per cent.

Industry experts believe this figure to be unusually conservative. For instance in 1984 Product) grew at 2.5 per cent, electricity consumption increased at 5 per cent.

The Government for its part has promised to re-examine the need for Valdecaballeros if electricity consumption is above plan projections.

This has led the ndustry to believe the cut in nuclear capacity was an astute manoeuvre by the Government to head off ecological protest and trim down costly nuclear investments, and create a smokescreen behind which the Lemoniz plant could be permanently closed without appeariog to have bowed to pressure from the militant Basque separatist organisation, Eta. (Through a series of terrorist acts, Eta had successfully paralysed work at Lemoniz since 1981.)

To cover the cost of the paralysed work the Government has allowed 3.9 per cent of electricity tariffs to be set aside. The tariffs themselves will be permitted to increase one point above inflation.

However, it is not just the financial consequences that have to be taken account of. Iberduero for instance, through not being able to use Lemoniz's 2,000 MW capacity, is short on supplies, and currently making up the difference by huying from France.

Other companies have lost their access to nuclear capacity. This situation, coupled with the poor financial state of some of the companies, has resulted in a major shake-up, the ultimate effect of which will be on concentration of the utilities into about five principal groups, with balanced sources of production and distribution.

The process has been going o for the past six months with the private companies fighting a strong rear-guard action to prevent the two state companies Enher/Endesa emerging too strongly in a sort of game of monopoly in swappig assets. The strongest groups to emerge will be Iberduero, Hidrola and Enher/Endesa.

According to the plan, total investments over the next three years in energy will be Pta 1,067bn of which Pta 50m will power generation. Nnclear plants will absorb Pta 127bn and hydro-generation Pta 121bn.

Projected primary energy consumption

Million tons of coal equivalent

	1986	%	1990	%	1992	%
Coal	29.54	(25.4)	31.52	(24.3)	34.16	(25.2)
Petroleum	57.98	(49.9)	61.56	(47.6)	63.89	(47.1)
Natural Gas	4.10	(3.5)	6.33	(4.9)	6.33	(4.6)
Hydro-Electricity	12.96	(11.2)	14.79	(11.4)	15.31	(11.3)
Nuclear Energy	11.55	(10.0)	15.22	(11.8)	15.96	(11.8)
TOTAL	116.13	(100.0)	129.42	(100.0)	135.65	(100.0)

Exploration

Underscoring the continued emphasis on achieving greater energy independence is the sum of Pat 149bn earmarked for domestic oil and gas exploration and Pta 140bn for improving energy-saving.

Spain has access to foreign crude oil supplies, through Hispanoil, mainly from the company's operations in Dubai. But Hispanoil's foreign exploration activity has failed to produce a commercial field in the past two years.

While the foreign exploration effort continues, greater attention is being devoted to domestic exploration via Iniepsa—both Hispanoil and Iniepsa are now co-ordinating their activities as a result of being part of the state energy holding company, INH.

There is greater optimism over the prospects for offshore production in the Mediterranean. The Casablanca Field, in which Iniepsa has a 34 per cent stake, more than doubled production last year, offsetting the depletion of the Amposta Field. Thus total domestic oil prodnction was almost 3m tonnes last year.

The new plan gives a lesser role to coal than the previous one—but this is largely a result of the accelerated construction of coal-fired power stations in the 1979 plan.

The Ministry of Industry believes that Spain should not depend further on coal. A quarter of primary energy requirements throughont the life of the plan will come from coal. The coal industry itself is being treated as a special case and put to one side.

The state-owned company, Hundsa, is subsidised to the tune of Pta 30bn a year and concentrated in politically sensitive Asturias. The coal has a generally low calorific content and the mines lack investment.

While keeping coal's role constant, the Government would like to use more natural gas. This depends, however, on the outcome of negotiations with Algeria on new pricing for long-term supply contracts and the extent of domestic discoveries, especially off the Basque coast.